ARCADIS

Infrastructure · Water · Environment · Buildings

Imagine the result

LEADERSHIP BALANCE GROWTH

ANNUAL REPORT 2010

Imagine the result

Our mission is to improve quality of life around the world by creating places of distinction and providing sustainable solutions that enhance the built and natural environments. In doing so, we produce exceptional value for our clients, employees, shareholders and society.

Leadership, Balance, Growth

Our updated strategy bears the title: Leadership, Balance, Growth.

Leadership represents our goal to be recognized as a leading company "in each of our markets";

Balance reflects our commitment to leaving the environments, the places and the lives we touch better than we found them; and

Growth not only signals our aspiration to increase the size of our business and market share, but also the development of our people.

ARCADIS differentiates itself from competitors in two main ways. The first is our unswerving focus on solving our clients' challenges. The second is our commitment to making the world a better place. This first differentiator helps us in our day-to-day professional lives, and the second motivates to a higher purpose. We believe in both.

The work we do helps to put the world in balance. In striving to improve quality of life we seek to strike a balance between the built and natural environments, the creative and the functional, the innovative and the proven, and between imagination and results. We achieve balance by taking a long-term view of our activities, while providing value to our clients in the short-term. This means we conduct our business on a client basis rather than on a project basis as we foster long-term relationships with select multinational, and key national and local clients who appreciate the value-added services we provide.

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Cover image: *A new dawn for New Orleans.* ARCADIS worked with the United States Army Corps of Engineers on developing a Hurricane and Storm Damage Risk Reduction System to provide 100-year level flood protection for New Orleans. This project is due for completion in 2011, making life safer for the city and its inhabitants.

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ARCADIS at a glance

Who we are

Professional services for the human habitat

ARCADIS is an international company providing consultancy, planning, architectural design, engineering and management services for infrastructure, water, environment and buildings. It develops, designs, implements, maintains and operates projects for companies and governments. With 16,000 employees and € 2 billion in revenues, it has an extensive international network supported by strong local market positions. ARCADIS supports UN-HABITAT with knowledge and expertise to improve the quality of life in rapidly growing cities around the world.

Core values

As a global company, we are committed to three core values in everything we do:

- Integrity: we do business in an honest way, to the highest professional standards, being a reliable partner and treating others with respect;
- Entrepreneurship: we drive initiatives and develop business opportunities that create value and use our resources in the best interests of our clients;
- Agility: we react fast to changing market conditions, are responsive to the needs of our clients and colleagues and are eager to perform.

In addition to these core values, we consider Sustainability fundamental to the way we work. This permeates our thinking and activities in order to provide solutions that can keep our planet liveable for future generations.

International network based on home market positions

ARCADIS is unique in its global network based on home market positions in Europe, the United States and South America. This strong local presence allows us to maintain long-lasting relationships with clients and to understand local conditions. Our international network enables us to leverage expertise across the globe and to service multinational customers looking for service providers who can help them globally.

One firm philosophy

We operate across our network as a single firm. We foster a culture of team spirit and internal collaboration focused on creating synergies, by leveraging our extensive client relationships and our wealth of expertise.

Active in the entire value chain

ARCADIS provides services along the entire value chain, with a focus on services with high added value. By operating on a client basis, rather than a project basis, we become involved in developments as early as possible. During the contracting phase of projects we provide construction management services. We are able to deliver complex turnkey projects, by relying on our technical and project management skills.

ARCADIS is in the global top 10

We rank among the top 10 management and engineering consultancies in the world. In most European countries where we operate, and in Brazil and Chile, we have a top 5 position. In the United States, we are currently in the top 10. In the global environmental market we are positioned in the top 3, while we are the largest environmental services provider to the private sector globally.

Top ten international design firms in the world*

1	AECOM	USA
2	URS	USA
3	CH2M Hill	USA
4	SNC-Lavalin	Canada
5	Altran Technologies	France
6	WS Atkins plc	England
7	**ARCADIS**	**Netherlands**
8	Parsons Brinckerhoff	USA
9	Fugro NV	Netherlands
10	Mott MacDonald	England

* Source: Swedish Federation of Consulting Engineers and Architects (STD), 2010

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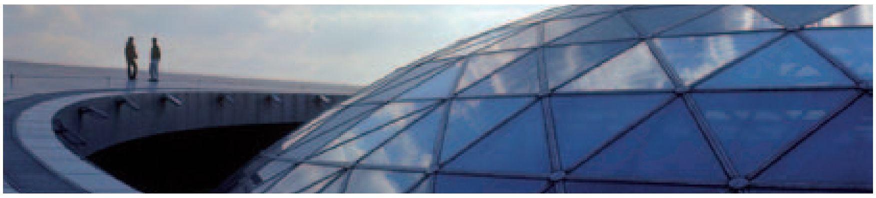
Our business

What we do



We focus our services on four main business lines with individual strengths and strategies. At the same time, we work across disciplines and geographies to deliver integrated solutions to complex issues. In 2010, a fourth business line, Water, was added to reflect our global strengths in that field.

Strategy: Leadership, Balance, Growth

Given the results that were achieved, the strategy for the period 2011-2013 is a logical continuation of the current strategy. Despite the aftermath of the economic crisis, the outlook for the coming period is positive. For the more mature markets in Europe and North America the growth expectation is 4-5%, while for emerging markets this is 5-10%. With our updated strategy we want to achieve at least a level of organic growth that surpasses market growth. We want to realize this by:

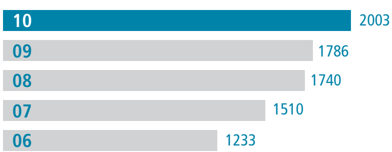
- **Further implementing a client focused business model** in which a client oriented attitude, (international) account management and cross selling to existing clients are core elements.
- **Leveraging our specialist knowledge and experience** to enter new markets or enlarge our market share in countries where we already have a position.
- **Expanding in emerging markets.** This includes further growth in Brazil and Chile and strengthening positions in Asia and the Middle East.

The growth goal is maintained at 15% per year, while the margin target remains at least 10%. The goal for return on invested capital of 15% is retained. Taking into account the possible effects of government austerity programs, the goal for organic growth in the period 2011- 2013 has been set at 5-7% per year. In addition, acquisitions will fulfill an important role in realizing our strategic goals. The consolidation in our industry offers good opportunities for this. ARCADIS has extensive experience in creating synergy through acquisitions, has a strong international network and a healthy balance sheet. These factors position us excellently for active participation in the consolidation process.

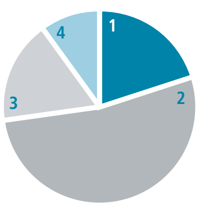
Gross Revenue
€2b
Net revenue
€ 1.4b

Total growth
12%
Margin **10.1%***

Gross revenue
in € million



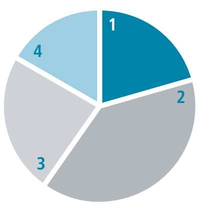
Gross revenue by region



1 The Netherlands 20%
2 United States 53%
3 Europe* 17%
4 Rest of the world 10%

*excluding the Netherlands

Geographical spread personnel



1 The Netherlands 3,284
2 United States 6,226
3 Europe* 3,765
4 Rest of the world 2,630

*excluding the Netherlands

* Excluding a minus € 3.2 million impact of Brazilian energy projects

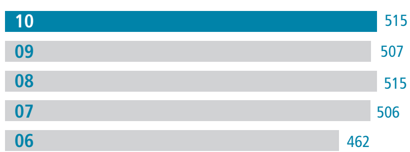
Infrastructure

Our infrastructure services create the conditions for efficient transportation and healthy places to live and work. By working on high-quality railways, road networks (including tunnels and bridges), reliable energy supply and development of land for different purposes, ARCADIS' infrastructure professionals bring stability, mobility and a better quality of life to communities around the world.

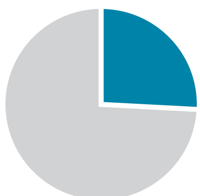
Gross Revenue
€515m
Net revenue
€ 376 m

Total growth
2%
Margin **10.2%**

Gross revenue Infrastructure
in € million



Infrastructure % of group revenue



26%

Clients

In **Infrastructure** most of our work is for governments: municipalities, cities, provinces, states, ministries, etc. We also work for utilities, project developers, contractors and other private sector firms.

Water

As a global top 10 player in water services we focus on the entire water cycle. This includes the analysis and design of drinking water supply systems. For waste water treatment, we advice on advanced treatment technologies and deliver design, engineering and management services. We also provide management consulting services to water operators. We are active in water management, such as management of rivers and coastal zones, urban and rural water and issues related to climate change and rising sea levels.

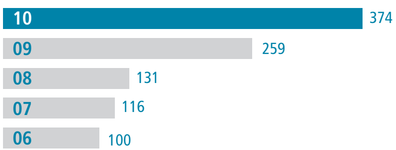
Gross revenue
€374m

Net revenue
€ 275 m

Total growth
44%

Margin **7.2%**

Gross revenue Water
in € million



Water % of group revenue

19%

Clients
The majority of our clients in **Water** are public bodies and authorities such as water boards, municipalities, provinces and states, central governments as well as utilities, whereby the latter can also be privately owned.

Environment

ARCADIS has a leading role in environmental services, in delivering projects that protect the earth's resources while meeting our clients' economic objectives. From soil, groundwater and sediment remediation and environmental impact assessments, through to consultancy on corporate energy, product stewardship, health and safety and waste management issues, our services support environmental policies for companies and governments alike.

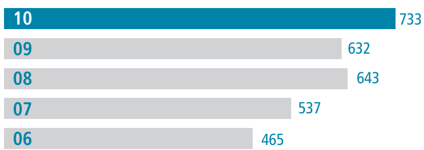
Gross revenue
€733m

Net revenue
€ 448 m

Total growth
16%

Margin **12.3%**

Gross revenue Environment
in € million

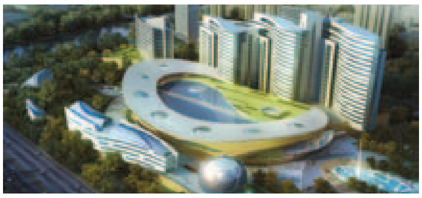


Environment % of group revenue

36%

Clients
In **Environment** we do a lot of work for the private sector, including the oil and gas, chemical and transportation industries. Many Fortune 500 companies are longstanding clients. We also work for governments; from federal clients (U.S. Department of Defense) to municipal customers.

Buildings



At ARCADIS, we understand the importance of buildings to the urban fabric, to our clients' real estate portfolios and to the people who use them. We deliver world-class architecture, planning, consultancy and management services for a wide range of buildings, from commercial properties to hospitals, schools, government buildings and industrial facilities. We help clients achieve their business objectives and create a balance of form, function and environmental stewardship.

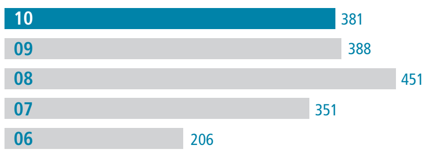
Gross revenue
€381m

Net revenue
€ 276 m

Total growth
-2%

Margin **8.2%**

Gross revenue Buildings
in € million



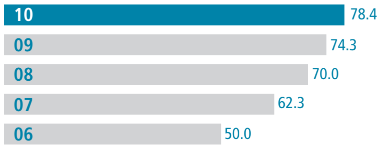
Buildings % of group revenue

19%

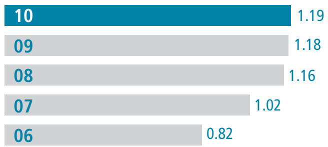
Clients
In **Buildings** we mainly work for owners, managers, operators and developers of real estate, both in the public and private sectors.

Highlights 2010

Net income from operations
in € million



Net income from Operations per share
in €



Dividend per share
in €

Proposed Cash Dividend per share

€0.47

2009: **€0.45**

Cash Flow from Operating Activities

€92million

2009: **€152 million**

Net income from Operations

€78.4 Growth 6%

2009: **€74.3**

- Continued strong performance, despite economic crisis: net income from operations 6% higher, earnings per share to € 1.19 versus € 1.18 in 2009
- Proposed cash dividend of € 0.47 per share, up from € 0.45 last year
- Return to organic growth of revenues, accelerating to 5% in fourth quarter of 2010, with organic activity growth in all segments, except for buildings
- Gross revenues increased 12% and crossed the € 2 billion milestone
- Recovery of U.S. environmental market as a result of increased private sector spending
- Strong growth in Brazil and Chile driven by major investments in mining and energy
- RTKL returns to growth based on work from Asia and the Middle East
- Declining revenues and results in most European countries, due to reduced demand in local markets
- Margin remained at target level of 10%
- Malcolm Pirnie integration on schedule with over $ 100 million in synergy revenues since the merger
- Revised strategy for the period 2011 – 2013 "Leadership, Balance, Growth", with ambitious targets for growth and profitability
- Partnership with UN-HABITAT established, as expression of our commitment to corporate social responsibility

Selected financial data

Revenue	2010	2009	2008	2007	2006
Gross revenue	**2,003**	1,786	1,740	1,510	1,233
Net revenue	**1,375**	1,218	1,162	1,004	837
Operating results					
EBITA	**135.9**	121.6	131.8	107.2	78.8
EBITA recurring	**135.9**	123.8	131.8	105.9	78.8
EBITA margin, recurring (in %)	**9.9**	10.2	11.3	10.5	9.4
Operating income	**129.6**	114.4	119.6	95.0	70.5
Associates	**0.7**	_	(0.1)	(0.8)	(0.5)
Net income from operations [1]	**78.4**	74.3	70.0	62.3	50.0
Net income	**73.9**	72.8	57.3	54.9	44.9
Capital employed					
Balance sheet total	**1,424.5**	1,315.2	1,058.4	921.7	736.5
Average invested capital	**676.4**	538.4	478.2	349.4	269.6
Return on average invested capital (in %)	**13.9**	15.4	18.1	20.1	20.3
Total equity	**411.2**	368.5	219.9	199.2	200.7
Total equity as % of balance sheet total	**29**	28	21	22	27
Interest coverage ratio	**7**	10	7	14	17
Net debt to EBITDA ratio [2]	**1.4**	1.0	1.3	1.1	0.4
Net cash provided by operating activities	**91.8**	**152.5**	**80.5**	**78.9**	**86.4**
Total shares outstanding at December 31 (in thousands)	**66,066**	**66,493**	**60,101**	**60,502**	**60,915**
Data per share (in euros)					
Net income from operations	**1.19**	1.18	1.16	1.02	0.82
Net income	**1.12**	1.15	0.95	0.90	0.74
Dividend proposal	**0.47**	0.45	0.45	0.41	0.33
Shareholders' equity	**5.80**	5.20	3.35	3.03	3.05
Personnel [3]					
Average number of contract employees	**14,590**	13,519	13,180	11,304	9,685
Average number of employees total [4]	**15,531**	14,417	13,977	12,408	10,728
Total number of employees at December 31 [4]	**15,905**	15,195	14,101	13,391	11,533
Carbon footprint per FTE (in metric tons of carbon dioxide equivalents)[5]					
Auto transport	**2.15**	2.08	2.20		
Air transport	**1.05**	0.76	0.96		
Public transport	**0.06**	0.05	0.05		
Office energy use	**2.14**	2.38	2.66		
Total	**5.40**	5.26	5.87		

In millions of euros unless otherwise noted

[1] Net income excluding amortization and non-operational items
[2] From 2008 onwards calculated according to bank covenants
[3] The headcount includes the total number of employees of proportionally consolidated companies
[4] Including temporary staff
[5] 2008 and 2009 figures adjusted for consistency with GRP Guidlines

The ARCADIS share

Stock exchange listing
ARCADIS shares are listed at the NYSE Euronext stock exchange in Amsterdam under the symbol ARCAD, where it is a constituent to the Amsterdam Midkap Index® (AMX). There are two liquidity providers active in the ARCADIS share: RBS and Rabo Securities. At year end 2010, the total number of shares outstanding was 66,066,008, representing a market capitalization of € 1,151 million at that time.

ARCADIS options
ARCADIS options, which were introduced to the market in 2009, saw a total of more than 42,000 trades during the year (2009: 30,000). Open interest in the options was strong in the first couple of months, but tapered off in the second half of the year. The options strengthen ARCADIS visibility in the financial markets.

Dividend
It is proposed to pay a cash dividend for the year 2010 of € 0.47 per share, up from the € 0.45 per share paid last year. This represents a pay-out of 40% of net income from operations.

Share price development
On the first trading day of 2010, the share price on the Euronext Amsterdam exchange closed at € 15.75, while at the end of the year, it closed at € 17.415, a share price appreciation of 10.6%. After a strong beginning to the year, the share price slipped in May, not to recover again until early September. Although concerns about public sector spending continued to exert their influence, the company's return to organic growth and the publication of its strategy update in the fourth quarter had a positive impact, pushing the share price to the higher year-end level. Nevertheless, the share price lagged behind the Amsterdam Midcap Index (AMX), which increased by 22.5%.

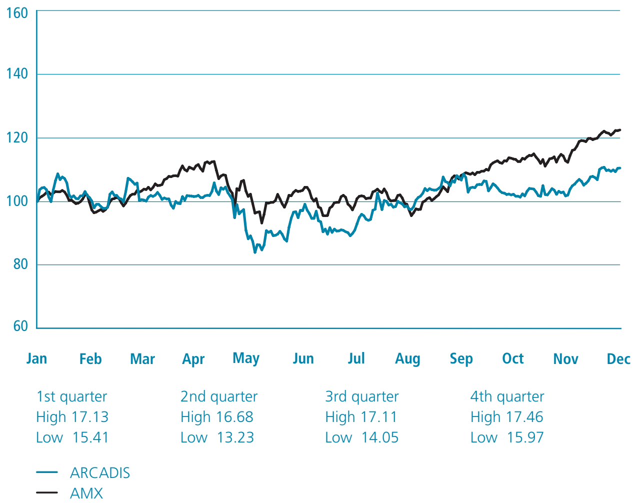
ARCADIS share price on NYSE Euronext Amsterdam NV

In €	High	Low	Year-end
2006	15.57	8.87	15.57
2007	22.95	14.31	15.77
2008	15.65	6.10	9.40
2009	16.39	7.74	15.83
2010	**17.46**	**13.23**	**17.42**

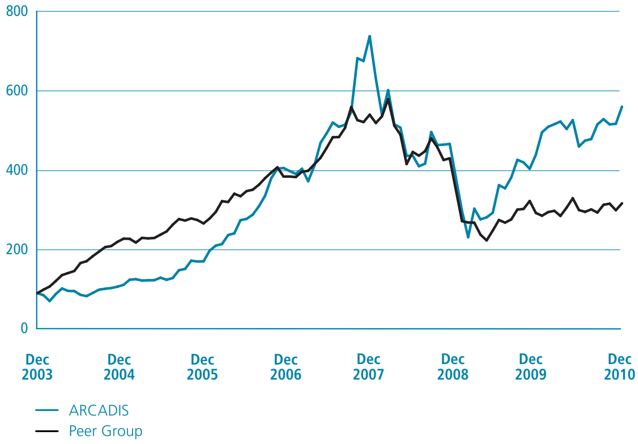
Liquidity
In line with overall market developments for mid- and small cap companies, the liquidity of ARCADIS shares saw a further decrease in 2010. The average daily trading volume in ARCADIS shares on NYSE Euronext Amsterdam in 2010 came out to 116,192 and was 24% behind the 2009 volume of 153,119 shares. An additional 10% of the volume was traded on other trading platforms such as Chi-X, Turqoise, and BATS.

Peer group
To benchmark its performance, ARCADIS has selected a group of peer companies. This group consists of international, publicly listed companies in the consulting and engineering business with activities and a size comparable to ARCADIS. This peer group includes the following companies: Aecom (New York

ARCADIS (NYSE EURONEXT) AGAINST AMX



ARCADIS (NYSE EURONEXT) AGAINST PEER GROUP



Stock Exchange); Atkins (London Stock Exchange); Grontmij (NYSE Euronext Amsterdam); Jacobs Engineering (New York Stock Exchange); Pöyry (Helsinki Stock Exchange); Tetra Tech (NASDAQ); Sweco (The Nordic Exchange, Stockholm); URS Corporation (New York Stock Exchange); White Young Green (London Stock Exchange-AIM); WSP (London Stock Exchange).

Ownership information

Under the Disclosure of Major Holdings in Listed Companies Act, we can provide the following information about ownership in ARCADIS:

Stichting Lovinklaan	20.6%	(notification January 2011)
ASR Nederland	5.3%	(holding end 2010)
Delta Deelnemingen Fund	6.5%	(holding end 2010)

Investor Relations

ARCADIS has an active investor relations policy aimed at keeping existing and potential shareholders well informed about its strategy and the latest developments. It follows a quarterly financial reporting cycle and informs the market through press releases on other important developments, such as significant project wins. Twice a year, at the presentation of its annual and semi-annual results, ARCADIS conducts a financial press conference and analyst meeting, which are broadcast live over the internet. At the presentation of the first and third quarter results, a conference call is held for financial analysts, also accessible through a live audio link via the ARCADIS website. During 2010, ARCADIS performed 25 investor road shows, and participated in 9 investor conferences, while also hosting investors during reverse road shows in its offices, adding up to a total of 245 one-on-one meetings for the year.

Socially Responsible Investors

An increasing number of Socially Responsible Investors (SRI) see ARCADIS as an investment target. ARCADIS is committed to engaging with this important stakeholder audience and aims to provide information in this area. In 2010, ARCADIS started the practice of communicating about its efforts in the area of corporate social responsibility in the now generally accepted Global Reporting Initiative format. The company published its first Communication on Progress report which is a requirement stemming from its membership of the U.N. Global Compact initiative, a voluntary initiative for entities supporting sustainable business practices in terms of human rights, labour standards, environment and anti-corruption. The company also for the first time participated in the Carbon Disclosure Project, a program aimed at transparency on carbon footprint reporting run by an organization acting on behalf of 534 institutional investors, holding $64 trillion in assets under management. ARCADIS has a program to reduce its global carbon footprint and advises clients on sustainable solutions in all of its activities. For more information please refer to the chapter on Corporate Social Responsibility in this Report.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders is scheduled for May 18, 2011 at 2:00 p.m. in Amsterdam, the Netherlands. The agenda for this meeting will be available early April 2011 from the Company upon request and will be announced on the Company's website.

Financial calendar (tentative)

May 11, 2011:	First quarter 2011, conference call and webcast
May 18, 2011:	Annual General Meeting of Shareholders
May 20, 2011:	Ex-dividend quotation
June 1, 2011:	Dividend payment date
August 3, 2011:	Second quarter 2011, press conference, analyst meeting, webcast
November 3, 2011:	Third quarter 2011, conference call and webcast

Historical development of the number of outstanding shares of ARCADIS

	At January 1	Shares issued	Repurchase	Reissuance	At December 31
2006	60,809,808	-	1,484,514	1,589,670	60,914,964
2007	60,914,964	-	1,050,000	636,591	60,501,555
2008	60,501,555	-	825,000	424,393	60,100,948
2009	60,100,948	5,739,351	-	652,888	66,493,187
2010	**66,493,187**	**-**	**1,250,000**	**822,821**	**66,066,008**

The Executive Board
(From left to right): Steven Blake, Friedrich Schneider, Harrie Noy (Chief Executive Officer), Renier Vree (Chief Financial Officer)

Introduction

In 2010, we again delivered good results while we continued to strengthen our role as a leading global consultant. The return to organic growth in the second half of the year, pushed revenue beyond the threshold of € 2 billion, exactly five years after passing the € 1 billion milestone. Although ARCADIS was heavily affected by the economic crisis, revenues and profits grew every year throughout the downturn. This strong performance is attributable to our well diversified portfolio, a consistent focus on services higher in the value chain, successful acquisitions and strict cost controls.

The return to organic growth was driven by recovering demand in the U.S. environmental market, favorable market conditions in Brazil and Chile, and the successful expansion of our architectural design practice RTKL into Asia and the Middle East, partly offset by weaker demand in Europe. In most markets competition remained fierce with continued price pressure. By focusing on key clients and reducing costs, we were able to preserve margins. The integration with Malcolm Pirnie is on schedule and the focus on market synergies paid off with well over a $100 million in bookings by combined efforts.

In Infrastructure, we saw reduced spending in local markets, especially in Europe. With central government investments holding up quite well and interest in Public Private Partnerships on the rise, we continued to work on many large projects. The weaker European markets were more than offset by strong growth in Brazil and Chile, driven by investments in mining and energy projects.

As of 2010, Water is our fourth business line. Its utility character makes the water market relatively robust. Growth decreased in the course of the year due to government budget pressure. Malcolm Pirnie performed in line with expectations. Our top 10 position in the global water market and ability to cover the full water cycle provide ample opportunity for growth.

The environmental market recovered due to increased private sector spending in the United States and Brazil on the back of an improving economy, partly offset by lower public sector demand in Europe. With our advanced technology and global network we benefit from vendor reduction and outsourcing of environmental services, enabling us to grow our market share.

In Buildings, the second half of 2010 saw an end to the decline of activities. The recovery was strongest at RTKL, due to an increase of work from Asia and the Middle East. The commercial property market in the United States and Europe stabilized at a low level, while demand in the public sector came under pressure.

As part of our planning process, we updated our strategy for the period 2011 – 2013. With 'Leadership, Balance, Growth', we aim for a logical continuation of our successful strategy. Our overall ambition remains building leadership positions in each of our business lines. We want to achieve that by focusing on key clients, leveraging our capabilities globally and expanding into emerging markets. Our new strategic plan will help us to capitalize on the many market opportunities and expand our business through acquisitions in a rapidly consolidating industry.

We are confident about the future. ARCADIS is positioned as a premier international professional services firm. Our collaborative culture is a solid basis for synergies to meet our client's needs. Our recent performance has shown our ability to react to challenging conditions. We have a solid backlog and continue to adjust ourselves when needed. Urbanization, mobility, sustainability, climate change, water and energy drive demand for our services and offer excellent prospects.

I would like to thank all ARCADIS people throughout our organization – it is their client focus and internal cooperation, as well as their commitment to our core values, which has enabled the continued growth of our business through these challenging years.

On behalf of the Executive Board,
Harrie L.J. Noy,
Chief Executive Officer

Report by the Executive Board

Vision and strategy

The ARCADIS vision

ARCADIS is a strong transnational firm made up of professionals who work across business lines and geographies to provide real-life solutions to some of today's most complex challenges in infrastructure, water, environment and buildings. Our work is all about creating balance: between the built and natural environments, the creative and the functional, the innovative and the proven, between present needs and future legacy, and between imagination and results. In doing so, we fulfill our mission of improving the quality of the human habitat.

In good as well as in bad times we rely on our core values: integrity, entrepreneurship and agility. Our focus is primarily long term, with our short-term performance reflecting the value we create for clients and allowing us to invest in our future. Now, more than ever, our work is vital to solving the challenges facing our clients and communities across the world in a sustainable way.

The following key elements drive our long-term strategy:

Focus on growth markets. Our four business lines, Infrastructure, Water, Environment and Buildings, give a clear focus on growth markets and allow us to offer clients integrated business solutions and one-stop shopping. Our broad range of disciplines and expertise at an international level allow us to capitalize on market trends and grow our business through innovation.

Global network based on strong home market positions. This enables us to leverage expertise globally and serve multinational clients with consistent quality worldwide. As client relationships and understanding of local conditions are critical, strong home market positions form the cornerstones of our global network.

Balance. We seek to create balance in everything we do. In our work for clients we aim for sustainable solutions that balance all different requirements. We also run our business in a socially responsible way, based on a balanced approach to people, planet, and profit.

'One firm' concept. ARCADIS operates as one firm across the globe with a brand that reflects its mission and is recognized for quality and reliability. Internal collaboration and resource sharing to meet client needs are an integral part of our culture. By leveraging client relationships, exchanging knowledge and cross selling, we create synergies that provide benefits for clients.

People are key to our success. Their commitment, skills and entrepreneurship make the difference in today's competitive markets. By attracting, retaining and developing talented people that deliver added value to clients, we create profitable growth and value for our shareholders.

Market and client trends

Markets are driven by investments

Market conditions for ARCADIS are strongly influenced by public and private sector investments which fluctuate with the economic cycles. Current conditions continue to be affected by the economic downturn, especially in the public sector where budgets are under pressure. The economic recovery, however, is driving market improvements in the United States, alongside strong growth opportunities in Asia, the Middle East and South America.

Market growth well above GDP growth

Within the framework of our three-annual strategy review process, we conducted an extensive market survey, including client interviews. This showed that our markets are growing at 4 – 10%, which is lower than in previous years, but still well above GDP growth. European and North American markets are expected to grow by 4 – 5%, emerging markets by 5 – 10%. So, despite some short-term pressure, the longer-term outlook for our business is favorable. This is due to long-term growth drivers and key client trends.

Long-term growth drivers

Urbanization. Population growth and migration to cities are driving urbanization with a growing number of mega cities,

Continued on next page

especially in emerging countries. This requires huge investments in residential areas, industrial sites, commercial properties and other kinds of facilities. In developed countries, deteriorated inner city areas are in need of remediation and redevelopment.

Mobility. All large urban areas suffer from congestion that hampers economic development. This requires major investment programs to expand capacity of roads, highways and public transportation, partly by introducing intelligent traffic management systems.

Renewable energy. Economic growth and expanding populations in combination with the need to reduce emissions, cause demand for renewable energy projects. This is a growth driver for all of our business lines.

Climate change. Rising sea levels caused by climate change represent an unprecedented challenge for delta areas, where more than 50% of the world's population lives. This creates many opportunities for our business, including the reduction of greenhouse gasses; lowering carbon footprints; identifying new water resources; and flood protection and water management.

Water. The scarcity of clean, safe, potable water has become a critical issue in many parts of the world. Water is already considered "the oil of the 21st century". This leads to a rising demand for services related to water supply, treatment and reuse.

Sustainability. Preserving quality of life for future generations has become an issue of paramount importance. Sustainability is integrated into everything we do. Projects are evaluated in terms of their environmental impact with the aim to take appropriate mitigation measures.

Key client trends

Public-private partnerships. As demand for infrastructure is high but government budgets are under pressure, there will be a strong trend towards public-private partnerships. With the economy recovering, the availability of private funds is increasing, while governments will create conditions to attract private investments for financing of infrastructure.

Front end services. Client interviews revealed an increasing demand for front end services to assist with policy planning, strategic consultancy, defining investment programs and managing projects, programs and processes.

Globalization of industry. Multinational companies increasingly seek service providers with global capabilities. Many have vendor reduction programs to safeguard quality standards across their operations and increase efficiency.

Outsourcing and privatization. Companies are focusing on their core businesses and outsourcing more non-core functions such as environmental management activities. A similar trend is visible in the public sector where budget pressures are enhancing the focus on policy making, while execution, including design and engineering, is outsourced to the private sector.

Supply chain integration. Clients demand alternative delivery methods to achieve better integration in the entire supply chain. This includes Design/Build and Design, Build, Finance and Operate (DBFO) approaches, whereby one party or a consortium takes a much wider responsibility for a project. ARCADIS' focus in these projects is on delivering its specialized services to create competitive solutions based on thorough knowledge of local conditions.

Risk participation. Clients increasingly ask or require their suppliers to take on certain project risks. In these cases, fees are dependent on performance. ARCADIS has internal procedures to control the risks involved.

We anticipate changing client needs by partnering with clients and other parties in the supply chain. That creates opportunities for larger projects and contracts, providing ARCADIS a competitive advantage in the market.

Building on strength

Our strategy has been successful

In 2010 we evaluated our strategy. We concluded that our strategy of growing high added-value services has been very successful. The company is now focused on business lines with long-term growth potential. Over the five year period 2004 – 2009 gross revenues saw a compounded annual growth of 15%, and net income from operations of more than 25%, while margins reached our goal of at least 10%. These good results were achieved despite the economic crisis, which significantly impacted our business as of 2008.

Acquisitions have added substantial value

In the past five years we divested low margin businesses with some € 140 million in revenues. On the other hand, we have expanded through a series of acquisitions that added over € 800 million in revenues. The acquisition in 2005 of Blasland, Bouck and Lee (BBL) gave a leading position in the global environmental market. In the buildings market we acquired several project management companies and in 2007 added RTKL, one of the world's leading architectural design and planning firms. Through the merger in mid 2009 with U.S.-based Malcolm Pirnie, we achieved a major position in the global water market and enhanced our presence in the U.S. infrastructure market. Meanwhile, smaller acquisitions strengthened our home market positions while adding specialized capabilities. All these acquisitions have delivered synergies by leveraging client relationships, know-how and experience.

Water new business line as of 2010

To capitalize on the expected strong growth in the global water market, water has become a new business line as of 2010. By combining Malcolm Pirnie's world-class expertise in water quality, treatment and strategic planning with ARCADIS' experience in water management and coastal engineering, we are building a major position in the global water market.

Key success factors

ARCADIS is now positioned as a premier international professional services firm. We are a top 5 player in many European markets, Brazil and Chile, and a top 10 firm in the United States. Our strategic success is also reflected in our financial performance which remained strong despite the crisis. The main factors which contributed to this success are:

- a good spread in geographies, clients and business lines;
- solid organic growth through client focus and internal synergy;
- a shift towards activities higher in the value chain;
- acquisitions that added value;
- focus on cash flow and reduction of working capital;
- strong management and talented people throughout the organization.

These will also remain key elements for our strategy going forward.

SWOT analysis shows ARCADIS' strong position

Strengths	Weaknesses
Strong home market positions in Europe, the United States and South America with a diversified portfolio	Limited position in Asia and Middle East
Clear focus on business lines with growth potential	Relatively high fixed costs in Europe due to lower flexibility of labor market
Strong client base with many multinational and key national clients	
Stable cash flow and healthy balance sheet	
Opportunities	**Threats**
Private financing and design-build for infrastructure	Government austerity programs leading to less investments in infrastructure and water projects
Climate change & sustainability pushing demand	Slowing down of economic growth in Asia impacting property markets
Outsourcing by companies and governments	
Acceleration of consolidation in our industry	

Strategy 2011 – 2013: Leadership, Balance, Growth

As part of our planning process, we review our strategy every three years to ensure that our strategic direction is in sync with the pace of the market and the needs of our clients. This was done in 2007, and again in 2010. This has resulted in the strategy entitled 'Leadership, Balance, Growth' for the period 2011 - 2013. Given the excellent results that have been achieved to date, the updated strategy is a logical continuation of our recent strategy.

Strategic ambitions

Our overall ambition has not changed. We want to further build and strengthen leadership positions in each of our business lines. This ambition has been worked out by setting goals and developing strategies for each of the business lines, which are explained in the business line section of this report. However, our leadership ambition goes beyond the goals for the individual business lines. It also includes:

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- **Superior growth and profitability.** We aim to be in the upper quartile of our peer group. This is reflected in our financial goals that are explained on page **19** of this report.
- **Quality, innovation and operational excellence.** We seek to distinguish ourselves through the quality of our services and the innovative solutions we provide. This means excellence, not only in design and technical capabilities but also in operational skills.
- **Focus on high added value services.** Leadership implies being active in the high end of the value chain. This has been a strong driver of our improved margins. We continue to look for opportunities to outsource or divest activities with lower added value.
- **Employer of choice.** We can only fulfill our leadership ambition if we are able to attract and retain the best people. We offer staff an international and inspiring workplace that provides ample opportunities for personal growth.
- **Balance as key differentiator.** Balance goes beyond sustainability. It is part of our mission and at the heart of our business. Integrating sustainability in everything we do, strengthens our market position and helps us attract and retain good people.

Key elements to realize our ambitions

With our updated strategy we want to achieve a level of organic growth that surpasses market growth. We will realize this by:

Focus on key clients

We continue implementing a client focused business model. This means running our business on a client basis rather than on a project basis by focusing on long-term relationships with select multinational and key national clients who appreciate the value-added services we provide. Through (international) account management and cross-selling of services together with a client focused attitude, we satisfy our clients' needs and help them realize their goals.

Leverage capabilities globally

In each business line we have identified specialist knowledge and capabilities that can be leveraged to enter new markets or enlarge market share. We also look at acquisitions to add skills that we can leverage through our global network.

Grow selected emerging markets

Emerging countries offer substantial long term growth opportunities. Our focus will be on expanding our position in Brazil and Chile, building a position in Asia and growing our business in the Middle East. In Asia, we will initially focus on buildings to capture the high growth of that market and on environment to serve multinational clients.

Strengthen enablement functions

- **Branding and positioning.** We aim for a brand that differentiates ARCADIS as a premier international professional services provider. To position ourselves against the competition we will use two themes in our communications: *'creating balance'* and *'client driven'*.
- **Organization and people.** The current organizational structure will be maintained. This means geographically based operating companies to run operations and global business lines to drive strategy, develop synergies, deliver seamless services globally and share resources across geographies. Measures will be implemented to facilitate alignment between operating companies and global business lines.
- **Knowledge management and IT.** We will further strengthen our knowledge management. Almost all ARCADIS companies are connected to an intranet-based knowledge management system, called 'The Source', that employees use to access our knowledge base. Managed by our global experts, we have Communities of Practice across all business lines that cooperate on technical issues, client matters and best practices.

Acquisitions remain important

Acquisitions to build leadership

Acquisitions fulfill an important role in realizing our goals. Priorities are driven by the strategies for each of the business lines and include adding specific (leverageable) capabilities or adding/strengthening geographies. Geographically, building positions in Asia, the Middle East and India and expanding in Brazil is high on the list. We have a preference for larger acquisitions that fulfill several of our goals simultaneously. With consolidation in our industry accelerating, opportunities will increase. As ARCADIS has a good track record in acquisitions, a strong international network and a healthy balance sheet, we are well positioned to actively participate in the consolidation process.

Clear criteria for acquisitions

Important criteria for acquisitions are: strategic fit, cultural fit, company reputation and quality of management. Financially, we aim for acquisitions that are earnings accretive, have margins compatible with ARCADIS' targets (or can be brought to that level in a few years) and are value-enhancing, with a return on investment of 15% or more.

Financial goals

Ambitious targets

Within the framework of the updated strategy, we have also evaluated our financial targets. For the period 2011-2013, we have set the following ambitious targets:

- **Growth:** target is maintained at 15% per year, of which 5 – 7% is organic. The target for organic growth has been adjusted somewhat compared to the 7.5% previously, due to the possible impact of government austerity programs.
- **Margin:** remains at least 10% (EBITA as a percentage of net revenue).
- **Return on invested capital:** retained at 15%. This is net income from operations, excluding interest charges, as a percentage of shareholders' equity plus net interest-bearing debt, calculated as an average over four quarters.

The growth target excludes currency exchange rate impacts. Net income from operations is before amortization and other non-operational items like (material) book gains. As the increase in earnings per share (EPS) is the result of growth and margin and is also impacted by the financing of acquisitions, we do not have a target for EPS anymore.

Organic growth and margin targets for each of the business lines are specified in the section on business lines starting on page **24** of this report. ■

Performance in comparison to financial targets

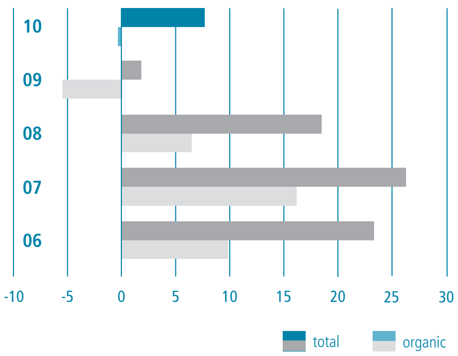
Below, results in the period 2005-2010 are compared against the targets for the period until 2010.

	Target	2010	2009	2008	2007	2006	2005
Gross revenue	15%	12%	3%	15%	22%	23%	11%
- Organic	*7.5%*	*0%*	*-6%*	*6%*	*16%*	*10%*	*5%*
- Acquisitions	*7.5%*	*8%*	*8%*	*12%*	*10%*	*13%*	*5%*
- Currency effect		*4%*	*1%*	*-3%*	*-4%*	*0%*	*-1%*
Margin (on recurring basis)	10%	10.1%[2]	10.2%	10.8%[1]	10.5%	9.4%	8.2%
Earnings per share	15%	1%	2%	14%	24%	50%	40%
Return on invested capital	15%	13.9%	15.4%	18.1%	20.1%	20.3%	20.6%

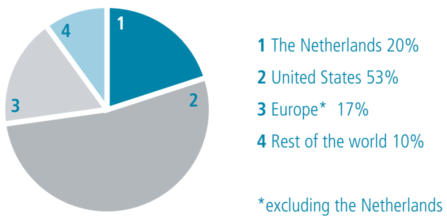
[1] Excluding sale of energy projects in Brazil
[2] Excluding a minus € 3.2 million impact of Brazilian energy projects

Results and Financing

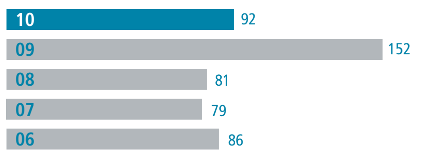
Total gross revenue growth in %
Excluding currency effect



Gross revenue by region



Cash flow from operating activities
in € million



Strong performance continued with sales above € 2 billion

In 2010, ARCADIS again achieved revenue and profit growth, despite the continued impact of the economic crisis on market conditions. Gross revenues grew 12% to € 2,003 million, surpassing the € 2 billion milestone. Net income from operations (before amortization and non-operational items) increased by 6% to € 78.4 million. Per share, this is € 1.19 against € 1.18 in 2009. This strong performance was achieved on the back of recovering demand in the U.S. environmental market, successful expansion of our architectural design practice RTKL in Asia and the Middle East and favorable market conditions in Brazil, partly offset by decreasing results in Europe caused by pressure on government budgets.

Dividend raised to € 0.47 per share

ARCADIS proposes a cash dividend of € 0.47 per share, up from the € 0.45 per share distributed last year. This reflects 40% of net income from operations at 66.1 million outstanding shares ultimo 2010. Our dividend policy aims at a payout ratio of 30 – 40% of net income from operations, to provide an attractive dividend yield for shareholders, while setting aside sufficient resources to finance growth.

Revenue and profit

Return to organic growth in the second half of 2010

In € millions			Growth in revenue			
Revenue	2010	2009	Total	Organic	Acquisitions	Currency
Gross	**€ 2,003**	€ 1,786	12%	0%	8%	4%
Net revenue[1]	**€ 1,375**	€ 1,218	13%	0%	9%	4%

[1] Share of gross revenue produced by ARCADIS' staff

After a substantial organic decline of revenues in 2009 caused by the economic crisis, we saw a return to organic growth in the second half of 2010. In the United States, the economic recovery resulted in an increasing demand for environmental services, while in Chile and particularly Brazil, the strong economy pushed demand in the mining and energy sectors. The resulting growth was offset by Europe, where all countries except Germany saw a revenue decline, mainly due to lower demand from local governments. RTKL recovered strongly with growth in the second half, benefiting from attractive healthcare and commercial property markets in Asia and the Middle East. Growth in net revenue was somewhat ahead of growth in gross revenue, caused by the completion at the end of 2009 of a hydropower project in Brazil with substantial subcontracting. The growth from acquisitions came mainly from Malcolm Pirnie. The currency impact of 4% resulted from a weaker euro against most other currencies.

Geographical mix and portfolio

The geographical mix shifted towards the United States, caused by the consolidation of Malcolm Pirnie for a full year and by a stronger U.S. dollar. In addition, gross revenues in the United States and Rest of the World grew organically, while Europe saw organic declines, with gross revenues in the Netherlands being impacted by a strong reduction in subcontracting. In the portfolio composition, Water increased due to Malcolm Pirnie, with Environment gaining as well due to organic growth and a positive currency effect. Buildings still suffered from organic declines in revenues while Infrastructure saw strong declines in subcontracting, both in Brazil and the Netherlands.

Geography	% of Gross revenue	
	2010	2009
Netherlands	20%	24%
Other Europe	17%	18%
United States	53%	49%
Rest of World	10%	9%

Portfolio	% of Gross revenue	
	2010	2009
Infrastructure	26%	28%
Water	19%	15%
Environment	36%	35%
Buildings	19%	22%

Personnel costs increased

Personnel costs rose 14% to € 983 million (2009: € 866 million), largely as a result of acquisitions and currency effects. Costs included the impact of reorganizations (2010: € 6.7 million and 2009: € 7.8 million) and in 2009, € 2.2 million non-recurring costs related to the employee share participation program of the Lovinklaan Foundation. Taking this into account, personnel costs increased about 1% more than net revenue and therefore negatively impacted the margin. The costs of new hires in North and South America and Germany was only partly offset by staff reductions in most European countries, which were somewhat lagging behind declining demand.

Cost savings in other business are paying off

Other business costs rose 10% to € 229 million (2009: € 208 million). This increase was less than net revenue growth of 13%, showing that the cost saving programs, implemented in response to the economic crisis, paid off and contributed positively to margin performance.

Depreciation remains level; amortization lower

Depreciation (excluding amortization) was 11% higher at € 27.3 million (2009: € 24.5 million), but as a percentage of net revenue, stayed level at 2.0%. Under IFRS, identifiable intangible assets related to acquisitions must be separated from goodwill and amortized over their economic lifetime. Importantly for ARCADIS, this relates to the profit included in the backlog of acquired companies. In 2010, amortization was at € 6.3 million, somewhat lower than in 2009 (€ 7.2 million).

Operating income and EBITA improved

Operating income increased 13% to € 129.6 million (2009: € 114.4 million). ARCADIS uses EBITA (operating income before amortization) to measure the financial performance of operations. This measure was determined as follows:

In € millions	2010	2009
Operating income reported	129.6	114.4
Amortization	6.3	7.2
EBITA	135.9	121.6
Non-recurring items	-	2.2
Recurring EBITA	135.9	123.8

The non-recurring items in 2009 consisted of one-off costs related to the share participation program of the Lovinklaan Foundation. Book gains on the sale of assets, included in EBITA as'other income', amounted to € 0.3 million (2009: € 1.7 million).

On a recurring basis, EBITA increased 10% to € 135.9 million (2009: € 123.8 million). The currency effect was 5%, while acquisitions contributed on balance also 5%. The contribution of 8% from the acquisition of Malcolm Pirnie was partly offset by acquisition costs, while in 2009 small divestments contributed € 1.5 million. Organically, the development of EBITA was flat. EBITA was impacted by two special items from Brazil:

- Losses on a Brazilian hydropower project which were partly offset by the proceeds from the sale of energy projects in the third quarter. On balance, a negative impact of € 3.2 million remained which is expected to be further compensated in 2011 by additional divestments..
- The sale of carbon credits in Brazil restarted in the fourth quarter of 2010, after procedures that caused delays had been finished. This resulted in a contribution of € 1.9 million (2009: € 0.4 million).
- Taking these items into account, EBITA improved operationally by 1%, also because of slightly lower reorganization costs. This good performance resulted from improved profitability in the United States, Brazil and at RTKL, offset by reduced profits in most European countries.

Margin remains at target level

At 9.9% the margin (recurring EBITA as % of net revenue) was almost at the target level of 10% and only slightly lower than the 10.2% that was achieved in 2009. Excluding the impact from the Brazilian energy projects and the sale of carbon credits, the underlying margin came out at 10.0%, in line with our target. This shows that our focus on high added value services and on cost savings to deal with price pressure paid off.

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Acquisitions cause rise in financing charges
Financing charges totaled € 18.3 million, compared to € 11.1 million in 2009 (adjusted for the € 7.5 million gain on the sale of derivatives). This increase resulted from acquisitions, the stronger dollar and higher financing expenses in Brazil.

Tax rate lower
The effective tax rate was 31.1%, while in 2009 this was 33.4%, or 32.7% when corrected for the costs of the share participation program. This reflects a further optimization of our tax structure. The tax credit related to option expenses due to the increased share price was € 1.7 million (2009: € 1.6 million).

Somewhat higher contribution from associated companies
The contribution from associated companies improved versus last year due to better results from Brazil and the Middle East, offset by somewhat lower results in the Netherlands.

Strong increase in minority interest
Minority interest strongly increased to € 3.5 million (2009: € 1.0 million), largely the effect of higher profits from Brazil, where ARCADIS owns 50.01% of ARCADIS Logos.

Gains in net income and net income from operations
Net income rose to € 73.9 million or € 1.12 per share compared to € 72.8 million or € 1.15 per share in 2009. Net income from operations (see calculation on page 69 of this report) was € 78.4 million, an increase of 6% over the € 74.3 million in 2009. Per share, this is € 1.19 against € 1.18 in 2009. At 6%, the increase in net income from operations lagged the rise in EBITA of 10%, due to higher financing charges and a higher minority share caused by higher profits from Brazil, partly offset by a lower tax rate and higher contributions from associated companies.

Cash flow and balance sheet

Cash flow at healthy level
Net cash from operating activities came out at € 92 million. This is lower than the € 152 million of 2009, as in that year working capital was reduced significantly. In addition, the fourth quarter of 2009 showed an organic revenue decline of 7%, freeing up working capital, while the fourth quarter of 2010 showed a 5% organic revenue increase creating demand for working capital. The working capital percentage at year end was virtually equal to the prior year. Free cash flow, after regular investments/divestments in ongoing business, was € 58 million (2009: 128 million).

Regular investments increased
Investments in (in)tangible assets (excluding acquisitions) totaled € 35.7 million. This is higher than the 26.3 million in 2009, mainly due to investments in Brazilian energy projects, but also reflecting that some parts of the company started growing again. The sale of property and equipment resulted in a cash inflow of € 2.1 million.

Investments in acquisitions
In 2010, the following companies were acquired:

Name	Business	Country	Staff	Gross revenue in € million	Consolidated as of
P&P	Healthcare	Netherlands	30	3	January 2010
AHS	Architecture	China	45	2	September 2010
GFOEB	Buildings consultancy	Germany	15	1	January 2011
Rise International	PMCM	United States	180	30	January 2011
Total acquisitions[1]			270	36	

[1] The acquisition in December 2009 of Bohemiaplan, a 70 people, € 3.5 million gross revenue company in the Czech Republic, was discussed in the annual report 2009, but closed in the first week of 2010.

The context of these acquisitions is discussed in the sections on business lines and regions of this report. Investments in acquisitions, including expansion of interests in consolidated companies, were € 16.4 million (on a debt free/cash free basis). Deferred payments for acquisitions from earlier years were € 23.8 million, bringing the total acquisition-related cash outflow to € 40.2 million. Acquired goodwill totaled € 10 million and identifiable intangible assets were € 5 million. In addition, € 10.4 million (2009: € 12.6 million) was invested in associated companies and other financial non-current assets, mostly Brazilian energy project investments. Predominantly payments on long-term receivables led to a cash inflow of € 6.9 million.

Number of outstanding shares decreased
The total number of outstanding shares at year-end 2010 decreased to 66.1 million (2009: 66.5 million). To cover obligations related to option plans, 1,250,000 shares were repurchased, while 822,821 previously repurchased shares were used for the exercising of options. The average number of outstanding shares, used to calculate earnings per share, increased to 66.1 million (2009: 63.1 million), mainly as a result of the merger with Malcolm Pirnie, mid 2009. For more information on the number of outstanding shares and options and on share purchase plans, please refer to note 18 of the financial statements.

Balance sheet remains healthy
The balance sheet total rose to € 1,425 million (2009: € 1,315 million), mainly resulting from acquisitions and exchange rate differences. Goodwill increased to € 353 million (2009: € 325 million), € 10 million caused by acquisitions and the remainder by currency effects. Identifiable intangible assets remained stable at € 10 million. As of 2004, goodwill is no longer amortized, but subject to impairment testing once a year.
In 2010, this test determined that no goodwill was impaired, reflecting the continued value of the cash-generating units.

Acquisitions pushed net working capital (work in progress plus accounts receivables minus accounts payable and billings in excess of costs) up by € 6 million. Net working capital at year end as a percentage of gross revenue (measured at the fourth quarter level times four) only marginally increased to 13.0% (2009: 12.9%).
Cash and cash equivalents totaled € 208 million (2009: € 224 million). Net debt (cash and cash equivalents minus interest-bearing debt) rose to € 207 million (2009: € 174 million), with € 24 million due to currency effects. Interest-bearing debt also includes after-payment obligations related to acquisitions, totaling € 11 million (2009: € 30 million).

Long-term loans and borrowings went down to € 318 million (2009: € 342 million), while short-term loans and borrowings increased to € 90 million (2009: € 33 million). At year-end 2010, € 61 million in short-term credit facilities was available. As part of these facilities, banks issued project bonds worth € 81 million (2009: € 67 million).

Shareholders' equity was € 393 million, compared to € 352 million at year-end 2009. The table below details the change:

In € million	Effect
Net income from book-year 2010	73.9
Dividend payment for book-year 2009	(29.9)
Currency exchange rate differences	7.5
Effective portion of cash flow hedging	(4.0)
Exercising of options	5.1
Option costs	7.3
Fiscal effects related to options plans	1.0
Repurchase of shares	(18.7)
Purchase of non-controlling interest	(1.2)
Total change	**41.0**

Strong balance sheet ratios
Balance sheet ratios remained strong at year-end 2010:
- net debt to equity ratio was 0.5 (2009: 0.5);
- net debt to EBITDA ratio was 1.3 (2009: 1.1);
- interest coverage ratio was 7 (2009: 10).

Covenants in loan agreements with banks stipulate that the net debt to EBITDA ratio should be below 3, measured twice a year; at year end and at end of June. The calculation is based on the average of net debt at the moment of measurement and on the previous moment of measurement, compared with last 12 months EBITDA. According to this definition, net debt to EBITDA at year end 2010 was 1.4 (2009: 1.0). ■

Developments by business line
Infrastructure

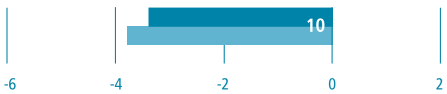
This business line includes services for transportation (traffic management, highways, roads, railways, waterways, bridges, tunnels); land development (residential, industrial, recreational, urban and rural planning); energy (hydropower plants, windmill farms, networks); and mining (program and project management).

Contribution to revenues 2010

26%

2009: **28%**

Infrastructure Growth
in %



Excluding currency effect — total — organic

Ebita-margin Infrastructure
in %

Present position and updated strategy

Building on strong local positions

The infrastructure market is predominantly a local market, servicing national, regional and local governments, but also railway companies, utilities, mining firms, developers and contractors. In-depth knowledge of local conditions and client needs is critical for success. ARCADIS has built strong home market positions in many European countries, the United States and Brazil and Chile. This enables us to anticipate market developments, deliver integrated, tailored solutions and leverage specialized global expertise.

SWOT analysis

Strengths	Weaknesses
Strong local positions and broad service offering	Insufficient recognition internationally
Specialist in rail, large transportation corridors (including bridges and tunnels), traffic management	Limited presence in strong growth areas such as Asia and India
Ability to offer integrated solutions	
Opportunities	**Threats**
PPP approach to fulfill strong demand for infrastructure	Reductions in government spending caused by budget deficits or lower tax revenues
Growing demand for (renewable) energy	Increasing price competition
Capital expansion programs of mining companies	Ability to attract sufficient staff in selected markets

Ambition and targets

Our ambition is to be a recognized global player, leading in selected segments, providing integrated solutions, with strong home market positions. Our organic growth target is 3 – 5% per year with margins of 8 – 9%.

Infrastructure strategy 2011 - 2013

We have identified three pillars to achieve our ambitions:

- *Organic growth by leveraging our world class capabilities.* Focus will be on:
  - **Large transportation corridors and PPP.** We have a strong track record in large projects, including bridges and tunnels. In several European countries we have experience with Public-Private Partnerships (PPP) and Design-Build. As the market for large projects will shift towards PPP's, we can capitalize on our experience in developing smart, integrated solutions.
  - **Public transportation.** We are an expert in rail infrastructure, with a unique combination of civil engineering and rail systems skills.

- **Ports and waterways.** With our strong front end consultancy and design capabilities we can get involved at the early phases of projects.
- **Intelligent Transportation Management.** Demand for intelligent traffic solutions and systems is increasing, an area where we have specialist expertise.

- *Organic growth by building upon local presence.* The markets for local infrastructure in Europe and the United States are under pressure, but large projects offer opportunities for growth, especially through alternative delivery schemes. Investments in (renewable) energy projects are growing and with our integrated services offering we will benefit from these investments. In Brazil and Chile, infrastructure investments continue, with the 2016 Olympic games in Brazil being a strong driver for further acceleration.
- *Mergers and acquisitions to build global position.* In order to become a real global player in the infrastructure market, we need acquisitions, either in transportation or in mining. Expansion in transportation should get us involved in major projects in emerging markets, while mining would allow us to leverage relationships with private clients and benefit from the growing demand for raw materials.

In addition, we will strengthen our efforts in work sharing of lower added-value services in order to increase competitiveness and efficiency.

Developments in 2010

Revenue	2010	2009	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	515	507	2%	-4%	0%	5%
Net	376	346	9%	3%	0%	5%

	2010	2009
Ebita	38.5	40.6
Margin	10.2%	11.7%

Amounts in millions of euros

Strong performance continued

While we saw increased public spending in 2009 to offset the economic downturn, many governments began to curtail their spending in 2010. Nevertheless, net revenue grew organically by 3%, mainly because of strong growth in Brazil and Chile while the Netherlands and the Czech Republic also showed organic growth. The difference between net and gross revenue growth was caused by strong declines in subcontracting in Brazil (completion of hydropower projects end 2009) and the Netherlands. At 10.2%, margins remained high. This included the impact of losses on a Brazilian hydropower project which were not fully compensated yet by the sale of energy projects. Excluding this impact the margin was 11.1%. Strong performance in Brazil and Chile was partly offset by lower margins in most European countries and the United States, due to price pressure.

Dutch market for large projects holds up

The Dutch market represents some 45% of total infrastructure revenues. Although municipal markets are under pressure with considerable declines in land development activities, work on large road and rail projects – a market in which ARCADIS has a strong position – holds up well. Despite the abolishment of the FES fund (for strengthening economic infrastructure), investments already earmarked will still be used for infrastructure programs. The government has also indicated it will actively look for opportunities to attract private money for public projects.

Brazil booms on strong private sector demand

Brazil, representing approximately 20% of infrastructure sales, experienced a very strong year. Much of this success was the result of strong demand from mining and energy clients. Four major contracts resulted in an order intake of more than $200 million. Projects included the support of mining clients with a pelletizing plant and an iron ore enrichment plant, support for the largest Brazilian cement company on four new cement plants, and a large project management assignment for a nuclear power plant. Chile also saw favorable market developments, mainly driven by mining investments and reconstruction efforts for buildings and transportation infrastructure.

European and United States markets softened

Reduced government spending negatively impacted revenues in most European countries. In Poland, we experienced accelerating growth in the rail market, but in roads the government postponed some projects due to funding issues. Nevertheless, we won important new projects, including construction supervision for sections of the S2 and S3 highways. Belgium saw a moderate slowdown, although several large projects are coming to market in 2011. In France, we are part of the consortium with Vinci that was selected for the Tours-Bordeaux high speed railway line, the largest-ever French PPP project. Discussions on federal transportation budgets caused project delays in the United States. ARCADIS won a large contract from the Georgia Department of Transportation, with a potential value of $35 million over five years, for management of traffic flow systems in the Atlanta area. These Intelligent Traffic Solutions are sought by governments as they allow for increased road capacity without the need for new road build-outs. ■

Developments by business line
Water

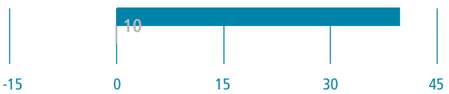
This business line is focused on the entire water cycle. For the supply of clean drinking water, our activities include water planning, hydraulic modeling, treatability studies, regulatory compliance analysis and treatment system design. For wastewater, we advise on collection, advanced treatment technologies, reuse, bio-solids and odor control, and we deliver design, engineering and management services. In addition, we provide management consulting services to (waste)water operators to maximize performance of their systems. We are also involved in water management, such as management of rivers and coastal zones, urban and rural water and issues related to climate change and rising sea levels.

Contribution to revenues 2010

19%

2009: **15%**

Water Growth
in %



Excluding currency effect — total — organic

Ebita-margin Water
in %

Present position and updated strategy

Position in global top ten water consultants

The international water market is impacted by a number of long term drivers including the increasing scarcity of clean, potable water, and the effects of climate change through sea level rise and changing precipitation patterns. The merger with U.S.-based Malcolm Pirnie in 2009, has given us a top 10 position in the global water market. We are one of only a few consultancies in the world to cover the full water cycle. Combined with our international network of strong local positions, excellent client relationships and long term experience in this market, we have a strong competitive edge.

SWOT analysis

Strengths	Weaknesses
Full water cycle capabilities	Limited position in emerging markets where demand is high
Leader in wide range of water treatment technologies	Limited international project experience
Strong client relationships, Malcolm Pirnie brand	
Dutch heritage and experience in water management	
Opportunities	**Threats**
Growing global demand for potable water	Government austerity programs leading to delayed investments
Regulatory water quality requirements	Increasing price competition in local markets
Ageing water infrastructure requiring upgrades	
Water management to combat climate change effects	

Ambition and targets

Our ambition is to build a leading position in the global water market based on our longstanding experience and integrated approach to the water cycle in current core markets and selected new geographies. Our organic growth target is 5 – 7% per year with margins of 10 – 11%.

Water strategy 2011 – 2013

To achieve our ambitions we plan to:

- **Expand water treatment in the United States.** This represents an important part of our water business. We will expand our activities in a number of attractive big cities and regions, where there is a strong need to upgrade existing facilities.
- **Leverage our Dutch water management capabilities.** Our recent work in New Orleans has shown how successful this can be. Focus will be on coastal regions and rivers in the United States, Europe and Brazil.
- **Expand into selected new regions.** We will use Malcolm Pirnie's experience and reputation to expand internationally. Initially, we will focus on Brazil, Chile and the Middle East where we have a delivery platform in place. We also see opportunities in drinking water treatment in the Netherlands and Belgium. In addition, we will examine our strategic options for the Asian market.

In early 2010, we established the Global Business Line Team for Water, lead by the former CEO of Malcolm Pirnie. The team focused on integrating the water treatment and water management activities under one umbrella.

Developments in 2010

Revenue	2010	2009	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	374	259	44%	0%	40%	4%
Net	275	186	48%	3%	41%	4%

	2010	2009
Ebita	19.7	16.6
Margin	7.2%	8.9%

Amounts in millions of euros

Organic growth despite pressure on government spending

Growth mainly came from the merger with Malcolm Pirnie in mid 2009. Despite pressure on local government spending, net revenues grew organically by 3%. This was the result of growth of water management in most European countries, while Malcolm Pirnie achieved revenue growth in the U.S. water treatment market. Helped by Malcolm Pirnie experts, water activities in Chile increased substantially. The completion in 2011 of the New Orleans project led to a tapering off of water management work in the United States. Margins dropped to 7.2%, caused by project losses in the Netherlands and Brazil and price pressure due to increased competition. Malcolm Pirnie performed in line with expectations at the time of the merger.

Improving drinking water safety for New York City

The largest single client for our water business is the City of New York. For the Department of Environmental Protection, we are working on two very large projects. One is the $1.3 billion Catskill Delaware Ultraviolet Disinfection Facility, the largest of its kind in the world, the other is the $2.3 billion Croton Water Filtration Plant project. Both of these facilities will improve the drinking water quality for the 9 million residents of the city. In 2010, Malcolm Pirnie also won a sizeable UV disinfection project in Los Angeles.

Recognition for innovative solutions

In water supply, regulatory pressure is high as the human health risks can be considerable if systems do not perform well. We help clients meet regulatory compliance, and often provide award-winning innovative solutions. For dozens of small public water systems in Colorado, affected by naturally occurring radio nuclides in their groundwater supplies, we worked with Colorado School of Mines experts to develop sustainable strategies to protect public health and the environment and reduce impacts from radioactive treatment residuals. In upstate New York, we designed a new water treatment plant using cutting edge membrane technology in a cost effective solution to county-wide needs. With this assured supply of high quality water, the county has attracted a new high-tech industry, creating jobs and enhancing the region's economic sustainability.

Branching out in water management

The most notable ARCADIS water management project is the New Orleans project, which is drawing to a successful close in 2011. We see a growing demand for our water management expertise, both in Europe and the United States. A good example is a contract we won in California to serve as independent consultant to the Delta Stewardship Council of the state. ARCADIS will work on water management issues and wetland restoration projects.

Building a position in emerging markets

This is one of our strategic priorities. In Brazil, a $54 million contract was signed with SABESP, the São Paulo State Basic Sanitation Company, for project management services for the extension of infrastructure for collection, removal and treatment of waste water in the São Paulo metropolitan area, with ARCADIS holding a 35% share of the contract. In the Middle East, we secured a mandate from the Public Authority for Electricity and Water of Oman to further professionalize its water utility management. The five-year multimillion-dollar contract is being executed with Veolia Water. ■

Developments by business line
Environment

This business line is focused on activities that protect the environment and enhance sustainability. The largest activity is the cleanup of legacy issues related to soil, groundwater and sediment pollution and the decommissioning of industrial operations. ARCADIS also assists clients with site closures and redevelopment, incident response, due diligence, environmental assessments, planning and permitting, regulatory compliance, product stewardship, ecosystems restoration, climate change mitigation, energy efficiency and renewable energy, health & safety issues and services for noise abatement, air quality, solid waste disposal and the preservation of nature and the natural landscape.

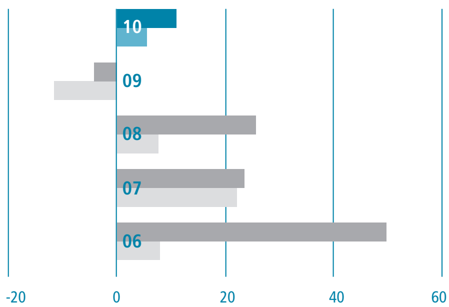
Contribution to revenues 2010

36%

2009: **35%**

Environment Growth

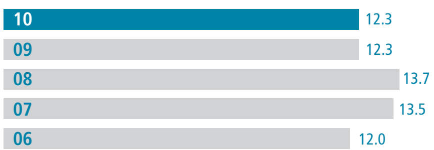
in %



Excluding currency effect   total   organic

Ebita-margin Environment

in %



Present position and strategy

ARCADIS is a leading player in environment

The environmental market is largely driven by legacy issues related to soil, groundwater and sediment contamination. ARCADIS is a leading player in that field and the largest global provider of environmental services to the private sector. Our competitive strength is based on our worldwide presence and strong local resources that enable us to serve multinational clients internationally; our advanced, cost-effective remediation technology; our GRiP® program for guaranteed solutions; and our strong health & safety program and culture.

SWOT analysis

Strengths	Weaknesses
International footprint with home-country strengths	Position in Asia and the Middle East
Strong multinational and key national client base	Some gaps in geographic footprint where we rely on strategic partners
Cost-effective remediation technology and GRiP®	
Strong health & safety culture	
Opportunities	**Threats**
Increased regulation and enforcement worldwide	Less environmental spending by private sector clients caused by the economic downturn
Vendor reduction by multinational clients looking for global service providers	Less environmental work due to reduced infrastructure investments
Redevelopment of contaminated industrial sites	
Services related to climate change and sustainability	

Ambition and targets

Our ambition is to be the world's leading environmental services provider, based on a strong client focused approach, delivering high value added services, to key multinational, national and local clients. Our organic growth target is 7 – 9% per year with margins of 12 – 13%.

Environment strategy 2011 – 2013

We plan to achieve our ambitions by:

- **Growth in current geographies**. We will drive growth in Europe and Brazil, leveraging the relationship with multinational clients and using our advanced remediation skills, while further expanding our position in the United States. Besides multinational clients, the focus will be on key national clients and on large projects. Special attention will be given to the U.S. Department of Defense as a major client, also outside the United States.
- **Building select new geographies.** Priorities are Canada, Asia and Australia. These are promising markets, also to deliver services to our multinational clients.
- **Diversifying capabilities.** Although remediation is a large and attractive market, we want to continue to diversify by increasing work in D4 (Deactivation, Decommissioning, Decontamination and Demolition), Environmental Permitting and Planning and Strategic Environmental Consultancy. We will also enhance our capabilities in sustainability and renewable energy and use our strong oil & gas client base to branch out into upstream and offshore work.

Developments in 2010

Revenue	2010	2009	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	733	632	16%	6%	5%	5%
Net	448	402	11%	1%	6%	5%

	2010	2009
Ebita	55.1	49.6
Margin	12.3%	12.3%

Amounts in millions of euros

Market gradually recovering

In 2010 we saw a return to organic growth, mainly coming from the United States and Brazil where private sector spending increased on the back of an improving economy. The gap between gross and net revenue resulted from the startup of large remediation projects in the United States with high levels of subcontracting. In most European countries revenues declined due to less government spending, while private sector demand did not pick up yet. The United Kingdom showed a sharp reduction in revenues and profit, caused by large projects being finished without sufficient new orders coming in. The contribution from acquisitions came from the merger with Malcolm Pirnie. The margin of 12.3% included a higher contribution from the sale of carbon credits in Brazil. Excluding this impact, the margin was 12.0%. The strong performance in the United States and Brazil was partly offset by lower margins in most European countries.

Growth in U.S. driven by private sector

On the back of increasing private sector spending, organic revenue growth in the United States gathered pace through the year, ending at 10% on gross and 3% on net revenue for the full year. Most of the growth was in the oil & gas, mining and automotive sectors. We also assisted BP in assessing and limiting the onshore ecological impact of the Gulf of Mexico oil spill. Several large GRiP® (Guaranteed Remediation Program) contracts won in 2009 generated a lot of work. The signing of new GRiP® projects was delayed, but the pipeline remains healthy. GRiP® backlog decreased to $427 million (2009: $490 million), while other environmental backlog grew strongly.

Malcolm Pirnie successful with U.S. federal government

Malcolm Pirnie's experience with contamination by unexploded ordnance strengthens our position with the U.S. federal government. Together with a partner, Malcolm Pirnie signed a Worldwide Environmental Services (WERS) framework contract with the U.S. Army for munitions response, and hazardous, toxic and radioactive waste remediation services, with a shared capacity of $1.1 billion.

Market trends drive MNC program

The success of our Multinational Clients program (MNC) continued as shown by the revenue growth that was produced. In 2010, we expanded our career development program for Global Account Managers and convened a Global Strategic Advisory Committee with external industry experts. We extended existing and signed new Master Services Agreements with several key accounts, including a five year contract with ExxonMobil for environmental services in ten European countries. Driven by the economic crisis, clients are looking at outsourcing, vendor reduction and improving their asset management and therefore seek global partners with a broad skill base that can help them. As a result, we were able to extend our service delivery with many key clients, within Environment, but also in other areas.

Carbon footprint reduction gets more focus

Sustainability has evolved into a central topic in client board rooms and is now a clear business driver. ARCADIS has been selected by Solena as consultant for a sustainable, biomass based jet fuel plant near London to be developed in partnership with British Airways, which offers lifecycle greenhouse gas savings of up to 95% compared to fossil fuel-derived kerosene. Malcolm Pirnie, together with the Connecticut Center for Advanced Technology, was awarded a contract, valued at over $18 million, to assist the Defense Energy Support Center with the reduction of its carbon footprint, by assessing carbon capture and sequestration (CCS) and carbon reuse technologies and implementing pilot studies. ■

Developments by business line
Buildings

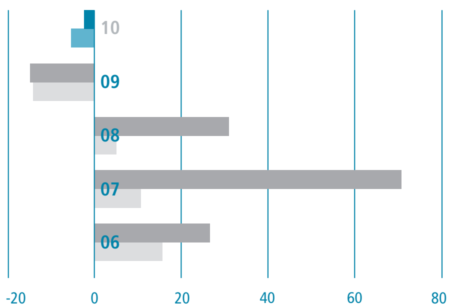
Activities in this business line relate to buildings in which people live, work, shop, relax or otherwise spend time. We are involved in a broad range of project work that includes inner city (re)developments, office buildings, industrial sites, data centers, hotels, resorts and other leisure facilities, shopping centers, hospitals, schools, museums, public buildings or a mixed use of these functions.

Contribution to revenues 2010

19%

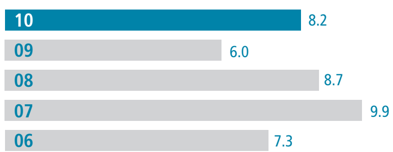
2009: **22%**

Buildings Growth
in %



Excluding currency effect total organic

Ebita-margin Buildings
in %



Present position and strategy

Focus on services higher up the value chain
The buildings market is largely driven by investments. Our clients include private investors and developers (commercial real estate), institutions (health, education), end-users (all types of buildings) and governments (public buildings). Over the past years, we have transitioned to services with higher added value to improve profitability. We now focus on management, consultancy and specialized engineering services, while with RTKL we have added world-class architectural design and planning capabilities, allowing us to build a leadership position in the buildings market and to benefit from property investments around the world.

SWOT analysis

Strengths	Weaknesses
Strong project management across countries	No home base in Asia and Middle East
Global brand in architecture/planning with RTKL	Sector spread in some countries limited
Unique capabilities to serve healthcare market	
Opportunities	**Threats**
Demand for integrated services, including green buildings	Sensitivity to economic cycles
Corporate clients seeking global partners	Austerity programs affecting public spending in institutional buildings
Growth opportunities in Asia and Middle East	

Ambition and targets
Our ambition is to be the global partner of choice, leading in all our market sectors by attaining a top 5 position in buildings design and project management services. Our organic growth target is 5 – 7% per year with margins of 10 – 11%.

Buildings strategy 2011 - 2013
We have identified three pillars to achieve our ambitions:

- **Focus on Healthcare and Workplace.** We expect these sectors to show the best growth opportunities in the near future. In Healthcare, we have a unique combination of skills, including high level design, technical installations and equipment planning and experienced project management. In Workplace, we will use our multinational client program to develop and leverage relationships with clients who benefit from our seamless global service delivery.

- **Expanding front-end capabilities.** This allows us to get more involved in earlier phases of projects and win larger assignments. We will expand front end consultancy and program management capabilities to assist clients with realizing their investment programs and master planning and workplace strategy capabilities.
- **Expanding into Asia, Middle East and Brazil.** These geographies offer considerable growth potential. In Asia, we will grow our business organically and through acquisitions. In the other markets, the focus is on expansion based on our present positions.

Developments in 2010

Revenue	2010	2009	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	381	388	-2%	-5%	1%	3%
Net	276	283	-3%	-6%	1%	3%

	2010	2009
Ebita	22.5	17.0
Margin	8.2%	6.0%

Amounts in millions of euros

Markets stabilized with opportunities for growth

The economic crisis has severely impacted our buildings business, especially in commercial property. After a very difficult 2009 with revenues declining by 15%, markets stabilized in 2010. On an annual basis, net revenues still declined organically by 6%, with negative growth across the board, except for Germany, but in the second half of the year, revenues were flat with the strongest improvements in Belgium, the United Kingdom and at RTKL. As a result of organizational adjustments made in 2009, margins improved to 8.2%. RTKL, the United Kingdom, the Netherlands and Germany contributed to this improvement, partly offset by margin pressure elsewhere.

RTKL very successful in international markets

RTKL recovered from the downturn with revenues declining organically by only 2% and showing modest organic growth in the second half of the year. In the United States, the commercial property market is stable at a low level, while uncertainty on new legislation has impacted the healthcare market. This was more than offset by successful expansion in international markets. Nearly 45% of revenues and 55% of order intake came from outside the United States, particularly China and the Middle East. In China, RTKL was selected to design the Shanghai Changzheng New Pudong Hospital, with 2,200 beds and 361,000 m^2 the largest newly built hospital in China. To further capitalize on the Asian market, we acquired AHS, a small Beijing-based architecture practice specialized in medical facility design. The Middle East healthcare market is also strong. In Saudi Arabia, RTKL is providing design services for a 25-story, 90,000 m^2, orthopedic specialty hospital and medical office tower.

Middle East provides growth opportunities

We are also successfully expanding our project management activities in the Middle East. In Egypt, we deliver program and project management for two new towns that will house some 70,000 people. In Abu Dhabi, ARCADIS was awarded the project management for the first phase of a 6 km light industrial development zone with workers accommodation. In Oman, we worked for Vale, a major Brazilian client, on a large port facility.

Expanding with multinational clients

Using our Multinational Clients Program, we are increasingly focusing on multinational corporations to deliver project management and other facility related services. With a global technology client we signed a framework agreement to provide design and project management services, for both office and data centre projects across many countries. GlaxoSmithKline, a client in the United Kingdom, awarded us a project management contract in the United States. After several environmental projects for AREVA in France, we developed a partnership for building activities as well. UTC, a major environmental client in the United States, involved us in planning and design of a large testing facility. With Rise International, a Chicago-based, 180 people program and project management firm, acquired by the end of 2010, we are even better positioned to grow our work for corporate clients internationally.

Strong in green buildings

Interest in green buildings is growing. ARCADIS was awarded an assignment by the European Union to investigate the rules and regulations with regards to sustainability in the buildings sector in all member states. In Belgium, we advised on sustainability issues for the Maldegem Sports complex, which won an award for innovative solutions in sustainability. In California, we worked on the Broadway Pier Cruise Ship Terminal project, which is expected to achieve LEED Silver certification. In Frankfurt, ARCADIS developed a sustainability agenda for a mixed use development area close to the city centre. The acquisition of a small, Berlin-based consulting company specialized in sustainability services for buildings, further enhances our position in this field. ■

Developments by region
The Netherlands

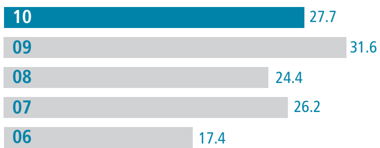
Contribution to revenues 2010

20%

2009: **24%**

Gross revenue The Netherlands
in € million

Ebita The Netherlands
in € million



Recurring

Revenue	2010	2009	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	401	423	-5%	-6%	0%	0%
Net	283	288	-2%	-3%	1%	0%

	2010	2009
Ebita	27.7	31.6
Margin	9.8%	11.0%

Amounts in millions of euros

Market more challenging

Market conditions became more challenging, mainly due to reduced spending in local markets, leading to an organic revenue decline. Gross revenues fell more sharply than net revenues as contracting activities were strongly impacted by the local market downturn and the severe winter at the beginning and end of 2010. Acquisition growth came from Plan & Project Partners, a small healthcare real estate consultancy firm that joined ARCADIS in early 2010.

Large projects provide much work

Reduced municipal spending and less private sector investments in residential, industrial, and inner city development resulted in pressure on urban planning, land development and local infrastructure activities. Central government spending on large projects continued while new legislation to accelerate infrastructure implementation positively affected market conditions. We continued to benefit from work on large projects, including the A2 tunneling project under Maastricht, the A4 highway near Delft and the second Coentunnel. The rail infrastructure market also provided a lot of work, partly resulting from the High Frequency Rail program to upgrade existing lines. As the water market is affected by delays in government programs and lower local spending, we are expanding services to industrial clients. In environment, the decline in local work was partly offset by more private sector work and by a € 10 million contract for project management services for the remediation of asbestos roads at 1,000 different locations. The buildings market was impacted by less spending from governments and institutions, including education and health care. With several recently added clients, the outlook for facility management services is positive.

Margin remains at good level

At 9.8%, margins remained at a good level. The reduced profitability compared to last year was caused by project losses in Water and price pressure due to increased competition.

Europe excluding The Netherlands

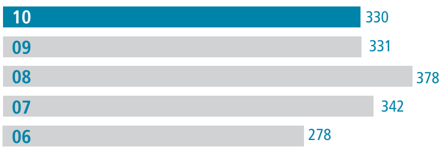
Contribution to revenues 2010

17%

2009: **18%**

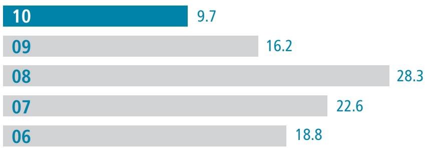
Gross revenue Europe excluding The Netherlands

in € million



Ebita Europe excluding The Netherlands

in € million



Recurring

Revenue	2010	2009	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	330	331	0%	-2%	0%	2%
Net	265	271	-2%	-3%	0%	2%

Amounts in millions of euros

	2010	2009
Ebita	9.7	16.2
Margin	3.7%	6.0%

Challenging conditions in most countries

Organic revenue decline of 2 – 3% was an improvement over the 8% drop in 2009. But where the decline in 2009 came from commercial property and industrial services while government spending was still strong, in 2010, challenging conditions have spread further as reduced government spending impacted our business in almost all European countries.

Germany shows growth

In *Germany* the economy recovered which resulted in good growth growth, especially in water and project management. Projects included work on the new Airport Berlin Brandenburg International and the Leibniz Institute of Marine Sciences of the University of Kiel. From the U.S. Army Corps of Engineers, a € 45 million framework contract was won under which ARCADIS competes on task orders for a broad range of environmental services. The acquisition of small specialty firm GFOEB strengthened our position in the market for green buildings. In the *United Kingdom*, the buildings market stabilized, with revenues still declining, but less than in 2009. Environment also saw declining revenues, as several large projects which were finished could not be replaced by new contracts in time. The *U.K.*-based activities of *RTKL* recovered strongly, mostly because of work coming from the Middle East. In *France* and *Belgium* we suffered from reduced spending in local markets and lower demand for building services, but it is expected that PPP initiatives will generate work as of 2011. In *Belgium* the market for industrial services recovered in the second half of the year, while we benefitted in the French environmental market from increased private sector demand. Pressure on government budgets led to unexpected delays in major road projects in *Poland*. The rail infrastructure market held up. In the *Czech Republic*, infrastructure growth was offset by declines in buildings and environment.

Margins under pressure

The more challenging market conditions also impacted profitability. Margins declined to 3.7%, mainly caused by reduced profitability in *Belgium, Poland* and the *United Kingdom*. In each of these countries measures were taken to adjust the organization, reduce overheads and increase efficiency. Whilst in the *U.K.* the buildings business recovered from the loss in 2009, the downturn in environment negatively impacted profitability.

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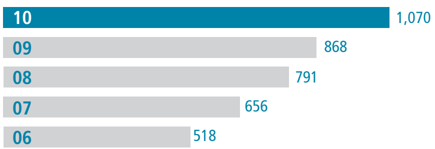
Developments by region
United States

Contribution to revenues 2010

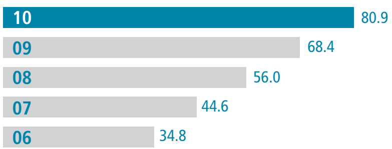
53%

2009: **49%**

Gross revenue United States
in € million



Ebita United States
in € million



Recurring

Revenue	2010	2009	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	1,070	868	23%	2%	16%	5%
Net	712	587	23%	0%	17%	5%

	2010	2009
Ebita	80.9	68.4
Margin	11.4%	11.8%

Amounts in millions of euros

Return to organic growth
While 2009 showed organic revenue declines of 12% on gross and 8% on net revenue, 2010 saw the return to organic growth. This was driven by the recovering economy which positively impacted private sector spending and accelerated growth of environment during the year. Overall revenues increased as a result of the merger with Malcolm Pirnie.

Integration with Malcolm Pirnie on track
The first focus after the merger with Malcolm Pirnie in 2009 was on revenue synergies. This paid off as meanwhile more than $100 million in additional revenue was booked by combined team efforts. These synergies were realised in the United States, Chile, England and the Middle East. The Malcolm Pirnie integration is on track with the new combined organization being introduced by the end of 2010, based on a divisional structure consistent with the global business lines. The corporate functions will be integrated by mid-2011.

Environment drives growth
The infrastructure market remained weak in 2010, with little impact from stimulus programs. In the water market, the New Orleans project is nearing completion, which started to impact revenues. Despite pressure on municipal budgets, Malcolm Pirnie compensated declines in the sunbelt states, by work on upgrades and expansions of existing facilities, mainly in the northeast of the country. The environmental market improved, fueled by increased private sector spending, which, combined with the start up of major projects won in 2009, generated organic growth as of the second half of the year. As these projects included significant amounts of remediation work, gross revenue growth was particularly strong. In the buildings market, project management activities declined somewhat, due to government budget pressure. With the acquisition in late 2010, of Rise International, a high level project management consultancy, we strengthened our capabilities in this field.

RTKL recovering
U.S. markets remained challenging for architectural businesses. The commercial market stabilized at low levels, while the healthcare market is facing delays due to ongoing uncertainty on reforms. Nevertheless, RTKL's activities in the United States recovered, on the back of strong markets in Asia, particularly China.

Overall strong performance
The strong increase in EBITA resulted from the merger with Malcolm Pirnie, a positive currency impact and continued focus on cost controls. At 11.4%, the margin remained high. The strong performance in environment was offset by lower margins in other segments.

Rest of the world

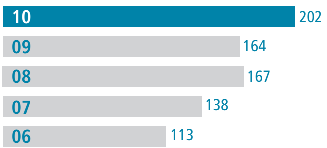
Contribution to revenues 2010

10%

2009: **9%**

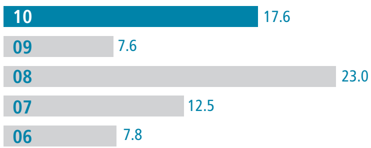
Gross revenue rest of World

in € million



Ebita rest of the World

in € million



Recurring

Revenue	2010	2009	Growth of revenue			
			Total	Organic	Acquisitions	Currency
Gross	202	164	23%	3%	2%	18%
Net	115	79	48%	25%	1%	21%

	2010	2009
Ebita	17.6	7.6
Margin	15.3%	9.6%

Amounts in millions of euros

Strong organic growth

Net revenue showed strong organic growth, fuelled by favorable market conditions in Brazil, Chile and Asia. Gross revenue growth lagged behind as a major hydropower project in Brazil with substantial subcontracting was finished by the end of 2009. The contribution from acquisitions came from the expansion of our interest in several companies in Brazil and the acquisition of AHS, a small architectural practice in China, specialized in medical facilities.

Mining and energy as growth drivers

Growth in Brazil was largely driven by investments in mining and energy that pushed infrastructure activities. Environment also showed substantial growth as private clients increased spending on the back of a strong economy. Chile showed strong growth in infrastructure and water, partly resulting from high demand in mining, partly related to reconstruction efforts. In Asia, RTKL benefitted from strong demand for high level architectural design, both in commercial property and healthcare.

More focus in Brazil

Based on a strategy review it was decided to bring more focus in our Brazilian operations. This means that the investment projects, developed and partly owned by ARCADIS Logos, will be divested. This concerns the portfolio of small hydropower projects and the Biogas business. The proceeds from these divestments will be used to further expand the core project management and consulting engineering activities to capitalize on the many market opportunities in Brazil.

Profitability strongly improved

The strong increase in EBITA came partly from a positive currency effect, but mostly from growth and improved profitability in Brazil. The loss on a hydropower project was partly compensated by the sale of the first three energy projects; on balance a loss of € 3.2 million remained. The sale of carbon credits contributed € 1.9 million (2009: € 0.4 million). Corrected for these items, the underlying margin was 16.4%.

People and organization

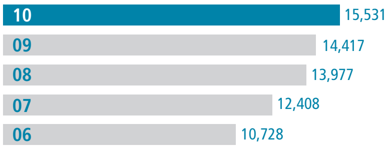
Growth in average number of employees

8%

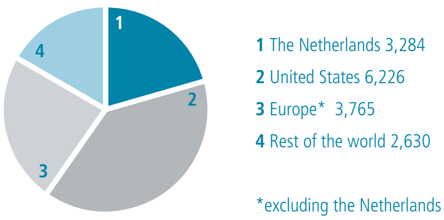
2009: **3%**

Average number of Employees

Including temporary Staff



Geographical spread personnel



At ARCADIS we aim to be an employer of choice, offering an international and inspiring workplace that provides ample opportunities for personal growth. We seek to attract, engage and develop excellent people with strong values throughout our global operations. Our aim is to create an environment in which business commitment and a high degree of professionalism are the standard.

People are attracted to ARCADIS because of our:

- core values: integrity, entrepreneurship and agility;
- innovative, challenging projects that make a positive contribution to society;
- long-term relationships with clients who recognize and reward the added value that we provide;
- culture, which meets the expectations of high level professionals and focuses on autonomy, entrepreneurship and personal and professional development;
- sharing of success and rewarding it accordingly;
- healthy and safe work environment;
- international and diverse workforce at all levels of the organization.

Increase in total number of employees

The total number of employees at year-end 2010 increased to 14,963 (2009: 14,287). Including temporary staff, capacity at year-end 2010 increased by 5% to 15,905 (2009: 15,195). This was partly caused by smaller acquisitions, but to a larger extent by organic growth of our business in Brazil, Chile, the United States and at RTKL. Voluntary staff turnover increased to 7.3% (2009: 6.8%). At 1.7%, absenteeism was somewhat lower than last year (2.0%).

New headquarters improves communication

In November 2010, we moved our international headquarters to the Symphony office tower at the Zuidas in Amsterdam, a high quality office location close to Schiphol Airport and very accessible by public transport. The new office space provides room for some 40 corporate staff, including the Executive Board, and reflects ARCADIS' increasingly global profile. The office is a hub where our people can conveniently meet, and fits with our strategy of creating synergies in the interests of our clients.

Engagement efforts intensified

We maintained high engagement levels with our staff, which was enabled by a professional work environment, varied opportunities for development, the potential to make a valuable contribution, and high-quality leadership. ARCADIS' support for UN-HABITAT through knowledge and expertise that improves the quality of life in rapidly growing cities around the world, provides our staff with meaningful opportunities to contribute to resolving important world problems.

A significant initiative was a major campaign to promote strong values across the organisation. This was done from a compliance perspective but also as a means to reinforce adequate processes for dealing with dilemmas and potential violations to our business principles. The campaign features posters displayed across all our offices that encourage people to consider how their actions fit with our values and how to respond to dilemmas. This campaign was supported by the global roll out of a mandatory compliance training module.

Strengthening Global Account Management

Our global account managers program continued to operate successfully in 2010. The program aims to support our client-focused approach, which is key to the success of our growth strategy. Part of this program is the Global Account Career Track, which provides ARCADIS employees who have the ambition and ability for a career in global account management, with a clearly defined roadmap that accelerates their career, while at the same time allowing ARCADIS to enhance its competitive edge. Twenty Global Account Managers joined the development program "Winning Global Business", that started in January 2010. This intensive training and coaching program supports them in growing the business with their multinational accounts.

Developing knowledge

Within ARCADIS we use different methods to enable virtual collaboration and sharing of knowledge and experience. Web events, podcasts and social networking have increasingly supported these processes. Since 2008, the Quest program has facilitated more than 100 one-week internal transfers, designed to exchange knowledge and experience across borders and build an international network. The Quest program has continued to function as a successful tool to internationalize our workforce and transfer knowledge across geographies.

Developing talent in a challenging environment

To achieve our ambitions, it is critical to have the best people in key positions throughout the organization, both now and in the future. Key positions include high-level roles in operating companies and global business lines such as general management positions, top specialists, top project managers and global account management roles.

The ARCADIS Leadership Model is used to select, assess and develop current and future leaders. It formulates the leadership profile we are looking for and includes the criteria we use for evaluating people for leadership positions. The Talent Challenge, involving self-assessment and training, helps our most talented people re-assess their priorities and career path. In total, 75 people participated in 2010 and the program will continue in 2011. Through the Talent Challenge, our top potentials from around the world have the opportunity to benchmark their capabilities and potential against the ARCADIS Leadership Model and discuss their aspirations and ambitions.

In October 2010, we launched the 12th edition of our Advanced Management Program, in which 30 people participate. The objectives of the program are to raise awareness, understanding and ownership of the ARCADIS strategy. It helps participants to develop the skills and motivation necessary to execute the strategy and it allows them to take the next step in using their talents and realizing their ambitions. Participants worked on actual projects that were used as input to the strategy process.

The European Network Program, which began in 2007, successfully continued in 2010. This program aims to explore new business opportunities and develop networking skills, with a multidisciplinary team working over a period of several months on a business plan for a real-life challenge. In 2010, this real-life challenge focused on business issues of some of our clients. In total, 60 people from various European operating companies participated.

Sharing in the success

Since 2001, the Lovinklaan Foundation, ARCADIS' largest shareholder representing the employees, has facilitated an employee share purchase program for people within the firm. The program allows employees to purchase ARCADIS shares at a discount from the Lovinklaan Foundation, thus stimulating share ownership among employees and increasing their involvement in the Company. In 2010, 363,556 shares were distributed to employees under the program. By the end of 2010, almost 4,400 employees participated in the program.

Risk management

ARCADIS' approach to risk management

Key element of business processes
Risk is intrinsic to entrepreneurship, one of ARCADIS' core values. We seek a balance between maximizing business opportunities within the framework of our strategy, while identifying, assessing and minimizing the risks involved. A well defined risk management process facilitates this in a controlled and transparent manner. Changing market conditions and client behavior, the increasing size and complexity of projects, as well as more stringent regulations and reporting requirements, have substantially increased the importance of risk management.

Introduction of Enterprise Risk Management
Since 2008, ARCADIS risk management is based on a global Enterprise Risk Management (ERM) process. This involves a structured, consistent and transparent approach to identify, control and mitigate significant risks that may affect achieving our objectives. The scope of ERM is broad with a focus on all primary business risks, not just risks related to financial reporting. The process includes an annual update as well as a more in depth analysis every three years within the framework of our strategy reviews.

Risk assessment
Based on the ERM process, the risks which ARCADIS faces while pursuing its strategy were identified. These include strategic, operational, compliance and financial risks. An overview of risks is presented in the section on risk management on our website at www.arcadis.com/Governance/. In-depth discussions on the likelihood of occurrence of these risks and their potential impact, led to a selection of the main risks, which were discussed with the Audit Committee and the Supervisory Board.

Risk appetite in relation to strategy
ARCADIS' policy aims at limiting the company's risk exposure. Risks are usually linked to the contract type under which services are provided. An overview of contract types is available on the aforementioned section of ARCADIS website. Our strategy focuses on providing high added value professional services, based on a strong client-focused approach. This allows us to perform most of our business under contract terms that limit our liabilities.

ARCADIS is also involved in turnkey (contracting) projects and other similar projects based on alternative delivery approaches that usually entail higher risks, but under the premise that we have the technical and project management skills to control these risks. Under our GRiP® program we provide fixed price remediation services, but with insurance coverage and specific risk management procedures to minimize risks. Our policy is not to take equity stakes in projects and only by exception and for specific reasons do we deviate from this. Although our policy is to avoid or minimize risks, it cannot be ruled out that in certain cases risks occur that may seriously impact the Company and its performance.

Main risks and how these are managed

Below is an overview of the main strategic, operational and financial risks we face and how these are managed. While these are considered the most relevant to ARCADIS, other risks may have a similar or greater impact on the Company.

Market risks (strategic)
Possible impact: Our markets may decline, temporarily or structurally, and changes in market conditions may lead to increased competition. These risks can be caused by economic downturns, government austerity programs, changes in political priorities or in legislation and regulations, political instability, consolidation of clients and changes in tendering procedures. This all may result in lower revenues and margins.
Mitigation: At ARCADIS, we foster entrepreneurship and close client relationships deep in the organization. Our proximity to clients enables us to anticipate changes in market conditions at an early stage. At a strategic level, Global Business Line Teams monitor market movements to adjust timely to strategic and long term developments. In addition, every three years we review our strategy more thoroughly to ensure the Company remains focused on long term growth markets.

Acquisition risks (strategic)
Possible impact: Growth through acquisitions is part of ARCADIS' strategy but involves several risks. Balance sheet misrepresentations, insufficient backlog and unforeseen claims may have an adverse effect on revenues and margins. Integration risks and lack of retention of key people may negatively impact performance.
Mitigation: Acquisition processes are managed centrally and include a thorough analysis of strategic fit, an assessment of management and reputation, and extensive due diligence, including review of backlog and human resources policies. Contracts include representations, warranties and escrows to cover guarantees, while employment and non-compete

contracts as well as stock options are used for retention purposes. Occasionally we use after payments to link purchase price to post acquisition performance. Together with management of the acquired company a post acquisition plan is developed which focuses on market and operational synergies and the organizational integration process, including alignment with ARCADIS governance, financial reporting and business control framework. Larger acquisitions are evaluated after three years in terms of strategy, synergies, performance, people and organization, and lessons learned. This is discussed with the Supervisory Board.

Reputational risks (strategic)
Possible impact: ARCADIS is operating most of its business under the ARCADIS name, which allows building a strong global brand. However, as a consequence, any reputational damage may have an impact beyond local markets and can potentially seriously affect our reputation and business. Reputational issues are typically linked to other risks the company faces, such as mistakes in projects, non compliance with regulations or business principles, health & safety issues, client or supplier issues.
Mitigation: ARCADIS has quality systems in place, a compliance program, a proactive health & safety approach, a client focus program and criteria for selection of partners aimed at minimizing the risks of business failures and reputational issues. In addition, external communication on major events or issues is centralized to manage our reputation effectively. See also mitigation of other major risks.

Project risks (operational)
Possible impact: ARCADIS works on thousands of projects annually. Although in most cases project risks are limited, projects may incur serious cost overruns, errors or omissions may lead to substantial claims and contractual conditions may result in considerable liabilities.
Mitigation: Risk management involves project approval procedures, including a go/no go process and review of contract conditions; regular project reviews; selection, training and procedures for project management; quality management systems; procedures for claims reporting and management; and a global insurance policy. Project risks and claims are assessed quarterly, and if required, provisions are taken to cover risks. All claims with a potential impact above a certain size are monitored at corporate level and discussed quarterly with the Audit Committee.

Capacity risks (operational)
Possible impact: A decrease in workload may reduce staff utilization. Experience indicates that strong market downturns can cause a 15% decrease in annual revenue for the business in a market. This may seriously impact margin and profitability.
Mitigation: All operating companies monitor and report order intake and billability. In Europe, 10% to 15% of staff is employed on flexible contracts. On a strategic level, our portfolio management aims for a good balance in geography, business lines and client categories in order to spread market, strategic and operational risks.

Knowledge management and innovation risks (operational)
Possible impact: Inability to leverage know-how, capabilities and client relationships or to develop new business through innovation may hamper growing our activities in line with our strategic objectives.
Mitigation: ARCADIS has made substantial investments in knowledge management. Within the global business lines, global experts are responsible for the development and distribution of knowledge through intranet based Communities of Practice. Relationships with global clients are managed through our global Multinational Clients Program. Most of our innovation takes place in close relationship with clients within projects. Each business line has specific innovation programs, such as e.g. for remediation technologies in Environment. In addition, innovation is stimulated through our global Imagine competition and similar initiatives of operating companies.

Compliance risks
Possible impact: Failure to meet regulatory compliance may expose the Company to fines, other penalties and reputational risks. As a global company, ARCADIS is expanding into geographies with different business practices and cultures.
Mitigation: ARCADIS has General Business Principles in place and a compliance support program stimulating employees to openly discuss business dilemmas. Compliance officers have been appointed in all operating companies, while an integrity phone line allows employees to report issues anonymously. For additional information see the chapter on Corporate Social Responsibility, on page 42 of this Report.

Liquidity risks (financial)
Possible impact: Financial risks include credit, liquidity, currency and interest rate risks. The risk assessment showed liquidity

Continued on next page ▶

risks to be the most important. This also includes the availability of sufficient financial resources to finance the growth strategy of the company.
Mitigation: Risks are managed by giving high priority to working capital and cash flow, which are reported by all operating companies on a bi-weekly basis. Risk management is carried out by the corporate treasury department, in line with our treasury policy. To have entry to capital markets we focus on our financial performance both in the short and long term, a healthy balance sheet, transparent reporting and proactive investor relations. We also aim for diversity in our financial resources to reduce vulnerability. More extensive information on financial risks (including sensitivity analysis), and the way these are managed can be found in note 34 to the financial statements on page 101 of this Report.

Risk management and internal control

The ARCADIS Business Control (ABC) Framework

Based on the outcome of the Enterprise Risk Assessment, the ARCADIS Business Control Framework (ABC) has been developed. Key characteristics of this framework are:

- It focuses on primary business risks;
- It is based on aggregated standards and policies;
- It is principle rather than rule based and therefore leaves room for operating companies to determine the most efficient way to meet standards and policies;
- It represents the minimum requirements that operating companies have to meet.

The ABC Framework is made up of global governance standards (e.g. ARCADIS General Business Principles, complaints procedure, approval procedures), global policies (e.g. health and safety policy, treasury policy, human resources policy) and operating company policies and standards (e.g. go/no go procedures, quality assessments). In addition, it includes all key controls which need to be in place in order to be aligned with the policies and standards. On our global intranet, a central repository with documentation of the complete framework is available. In 2010, operating companies have migrated to the ABC Framework. By the end of 2010 it was fully operational at corporate, ARCADIS Netherlands and ARCADIS U.S. The other operating companies made substantial progress with the implementation, which is expected to be completed in 2011. Progress has been discussed with the Audit Committee. Internal audit will regularly audit compliance with this risk based approach. The external auditor KPMG has reviewed the control framework. In 2011, the ABC Framework will be updated based on the internal experiences so far, KPMG's recommendations and alignment with the strategy 2011 – 2013.

In addition to the systematic approach outlined above, it should be noted that regular communication between the various levels of management remains important to ensure that (potential) risks are identified early and addressed properly.

Management statements

Assessment of internal control

The Executive Board has reviewed the effectiveness of internal risk management and control systems, based upon the following information:

- Report of internal audit, including an evaluation and conclusions regarding internal control in the operating companies. This was based on reports of operating company management on its testing of entity level controls, general ICT controls and (automated and manual) process level controls. Internal audit evaluated these reports, identified areas for further improvements and discussed findings with management. Subsequently, operating company management signed a Letter of Representation for its reporting and an in control statement for the primary and supporting processes.
- Reports of internal audit on audits performed throughout the year. Findings and measures to address issues were discussed with local management, the Executive Board and the Audit Committee.
- Management letter from the external auditor with findings and remarks regarding internal control in the operating companies. This letter has been discussed with the Audit Committee and the Supervisory Board.

The Executive Board concluded that good progress was made with further improvements of risk management and internal control in the Company and that the issues identified did not materially impact the consolidated accounts of ARCADIS NV. This conclusion as well as the review of internal risk management and control systems has been discussed with the external auditor, the Audit Committee and the Supervisory Board.

In control statement

The Executive Board is responsible for the design and functioning of the internal risk management and control systems. Although such systems are intended to optimally control risks, they can never, however well designed or functioning, provide absolute certainty that human errors, unforeseen circumstances, material losses, fraud or infringements of laws or regulations will not occur. In addition, the efforts related to risk management and internal control systems should be balanced with the costs of their implementation and maintenance.

Based on the approach as outlined above, the Executive Board believes that to the best of its knowledge, the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in 2010.

Responsibility statement
In accordance with article 5:25c of the Financial Markets Supervision Act *(Wet op het financieel toezicht)*, the Executive Board confirms that to the best of its knowledge:

- the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit and loss of ARCADIS and its consolidated companies,
- the Annual Report gives a true and fair view of the position as per December 31, 2010 and the developments during the financial year of ARCADIS and its group companies included in the annual financial statements, and
- the Annual Report describes the principal risks ARCADIS is facing.

The names and functions of the Executive Board members are mentioned at the end of the Report by the Executive Board, on page 61. ■

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Corporate Social Responsibility

At ARCADIS we are committed to operating our business in a socially responsible and sustainable way. To underline this commitment we have established a global policy for Corporate Social Responsibility (CSR). This policy is anchored in ARCADIS' General Business Principles, which embed integrity into our business and describe our responsibilities and commitments towards stakeholders. Our employees are encouraged to share these commitments and have to sign our integrity code. Equally important is the attitude of our people as reflected in our mission: passionately contributing to a balanced and sustainable development of the human habitat, in open dialogue with all stakeholders.

Our CSR policy applies to all ARCADIS employees and governs our approach to all our activities. It includes five pillars:
- Corporate governance (see separate chapter in this Annual Report on page 64)
- General Business Principles
- Environmental sustainability
- Health and safety
- Community involvement

CSR is an integral part of our strategy. The implementation and monitoring of the CSR policy is the responsibility of the Executive Board and management of each operating company. ARCADIS has dedicated persons for each CSR pillar, who have a primary responsibility to ensure its global implementation.

Stakeholder engagement

Our key stakeholder groups are society, clients, employees and shareholders. We engage with stakeholders to deepen our insights into their needs and expectations, and to serve them better. Stakeholder engagement helps us direct our strategy and actively promote initiatives that address their needs, including:
- *Sustainable urbanization.* Our partnership with UN-HABITAT to improve quality of life in rapidly growing cities, generates high levels of employee involvement.
- *Climate Change.* We subscribe to the Cancun Communiqué on Climate Change, a call from the international business community for global action on climate change.
- *Trends in CSR.* In May 2010, we held interviews and organized our Annual European Executive Roundtable for multinational clients, discussing CSR topics and trends.

We engage with stakeholders through various channels, including our annual shareholders' meetings, customer and employee surveys and public hearings for specific projects. We intend to further develop these engagement efforts in 2011.

U.N. Global Compact

ARCADIS is member of U.N. Global Compact and is committed to its objectives and principles regarding human rights, labor standards, environmental stewardship and anti-corruption. Because of the nature of our business and the countries in which we operate, we are rarely faced with issues on human rights and labor standards. Nevertheless, we believe it is our obligation to ensure these are respected in our work and projects. ARCADIS regards its primary suppliers as partners and collaborates with them to help achieve its ambitions. In 2010, we conducted a self-assessment on human rights, labor standards and anti-corruption focusing on our own operations, subcontractors and customers, which confirmed overall compliance and in general a limited risk profile in these areas. More details of our contribution to U.N. Global Compact can be found at: www.arcadis.com/global compact.

General Business Principles

Integrity is one of our core values. Today's complex business environment demands that we firmly embed integrity into our daily business practices. We require all employees to sign the ARCADIS General Business Principles, which are summarized in the six areas below. For the full text, please visit our website www.arcadis.com/agbp.

Integrity as a core value. Our goal is to conduct our business honestly and fairly. Our commitment to integrity determines the way we do business and how we treat our staff.
The General Business Principles Directives provide specific guidelines related to gifts, hospitality and payments to third parties.

Respect for local laws and cultures. We comply with national laws and respect the cultures of the countries in which we operate. We support the principles of free enterprise and fair competition and observe applicable regulations. We promote, defend and support our legitimate business interests with due regard to the law and the interests of society.

Value for customers. We are a reliable partner for our clients and aim to deliver our services without jeopardizing the interests of society, employees and shareholders. We offer services under terms that do not compromise our independent professional judgment and aim to create optimal value for clients. We focus on continuously improving our services through investment in our knowledge base and the development of employee competencies. We are transparent with clients about conflicts of interest that could emerge during the execution of our services.

Responsible employment practices. We value our employees as a key resource. We encourage engagement and support personal development through comprehensive policies and initiatives. Every ARCADIS employee has an equal opportunity for personal recognition, advancement, career development and compensation, regardless of background or beliefs. The same policy applies to recruitment. No form of discrimination or harassment is tolerated. We strive to ensure fundamental human and labor rights are respected throughout our operations.

Dealing with dilemmas. The integrity code cannot possibly anticipate the variety of dilemmas we face in our day-to-day operations. An active integrity policy means recognizing dilemmas and taking responsibility for resolving them. We encourage employees to discuss business dilemmas with each other and with their management, making integrity an essential part of our culture.

Monitoring and accountability. In 2010, a comprehensive internal program was rolled out aimed at further increasing awareness of our Business Principles and providing an organizational framework for monitoring its effectiveness. In each operating company compliance officers have been appointed and trained. All employees were asked to take online training to foster awareness and help mitigate risks. This training will be repeated bi-annually. Since its inception, 95% of employees took this training with the remainder slated to take it in 2011. ARCADIS monitors compliance with the Business Principles in all operating companies on a quarterly basis. Management of operating companies certifies compliance through a Letter of Representation. Employees are not held responsible for the loss of work resulting from compliance. ARCADIS also has a whistle blower procedure – including an anonymous global Integrity Phone Line – which ensures employees do not suffer negative consequences from reporting violations. Breach of the Business Principles can lead to sanctions, including termination of employment.

Environmental sustainability

ARCADIS recognizes the principles of sustainable development and acknowledges the challenge of meeting human needs, while protecting the environment and natural resources for future generations. Sustainability is an integral part of our business. We provide sustainable solutions for clients, while sustainable practices are integrated into our own operations through a global team, led by our Corporate Director for Environment.

Providing sustainable solutions

Sustainability as an integral part of projects

The most significant environmental impact of our work is through the projects we do for clients, although much of our work has a direct positive impact. In our Environment business line, we clean up legacies and help clients reduce their waste and emissions. In Infrastructure, we design renewable energy and public transport systems that reduce carbon emissions. In Water, we work to supply clean, safe, potable water and treat waste water. In Buildings, we design 'green buildings' on behalf of a growing number of clients. Our aim is to integrate energy and resource efficiency into our designs and minimize the impact of our projects on the environment.

Clients expect us to provide them with information about the environmental considerations of their projects and how adverse effects can be minimized in a cost-effective way. We may provide unsolicited sustainable alternatives to our clients and decline to be associated with projects if a client is unwilling to support adequate efforts to evaluate environmental issues or mitigate adverse effects.

Sustainability by Design®

We are continuously involved in sustainable design initiatives on behalf of clients and across our own operations. For example, Malcolm Pirnie is helping the Philadelphia Water Department with its 'Go Green' program, supporting the design of solar power generation systems, and green solutions for storm water runoff. ARCADIS also works for the U.S.

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Department of Defense on carbon analysis and testing services that promote alternative fuel technologies and reduce carbon footprint. Our design of the Belgian EuroSpace building won the 'Sustainable Building' award in the Steel Competition 2010. For eBay, we designed a state-of-the-art, LEED certified, data centre in Salt Lake City, Utah. In Germany, we developed a Green Hospital concept, in which patient wellness is an integral part of the sustainable design process. For the European Union, we researched building-related sustainability rules and regulations for all its member states.

Minimizing our own carbon footprint

Global Sustainability Program

In 2010, we continued to implement our Global Sustainability Program, aimed at reducing the environmental impact of our own operations through global policies in the following focus areas:

- Transportation, ground and air
- Energy and water usage in our offices
- Paper usage and type
- Waste reduction and disposal or recycling
- Selection of purchased materials and products

Carbon footprint methodology

ARCADIS developed its first carbon footprint in 2008. In 2010, based on comments from the Carbon Disclosure Project, ARCADIS chose to standardize its approach and report data consistent with the World Business Council for Sustainable Development / World Resources Institute General Reporting Protocol (GRP). In doing so, the selection of emission factors and calculation were refined, which has increased the scope of our carbon footprint. The new reporting methodology will also help track our reduction efforts more closely. We continue to sharpen our approach to further understand the full impact of our operations on direct and indirect greenhouse gas emissions and the environment as a whole. The 2008 and 2009 results have been adjusted to the new standard to enable correct comparisons and measurement of actual reductions.

Carbon footprint results

In 2010, ARCADIS included business-related air travel, public transport, business travel in personal vehicles, and building fuel consumption in its carbon footprint. ARCADIS does not directly control greenhouse gas emissions from these sources; they are considered indirect emissions as defined in the GRP. Consistent with previous years, ARCADIS also included emissions from leased vehicles under its direct control and indirect emissions from electricity consumption. Paper consumption and composition (although not linked to carbon emissions) are also tracked. The 2010 ARCADIS nominal metrics and carbon footprint are as follows:

Nominal metrics per FTE by emission source

	2008*	2009*	2010
ARCADIS direct metrics			
Leased vehicle travel (km/FTE)	7,811	7,655	**7,861**
ARCADIS indirect metrics			
Electricity consumption (kWh/FTE)	4,229	3,774	**3,497**
Air travel (km/FTE)	7,872	6,220	**8,521**
Auto travel (km/FTE) – personal vehicles	2,778	2,256	**2,599**
Public transport (km/FTE)	854	842	**996**
Natural gas (kWh/FTE)	1,186	1,385	**1,126**
Other fuel (kWh/FTE)	93	96	**92**
Other metrics			
Paper consumption (kg/FTE)	47	48	**41**
FSC/PCW paper (%)	53%	69%	**73%**

* adjusted for consistency with GRP guidelines

Emissions per FTE by Emission Source (MT CO2e/FTE)

	2008*	2009*	2010
Direct emissions under ARCADIS control			
Leased vehicle travel	1.64	1.62	**1.63**
Indirect emissions			
Electricity consumption	2.43	2.11	**1.92**
Air travel	0.96	0.76	**1.05**
Auto travel – personal vehicles	0.56	0.46	**0.52**
Public transport	0.05	0.05	**0.06**
Natural gas	0.21	0.25	**0.20**
Fuel (other)	0.02	0.02	**0.02**
Total	**5.87**	**5.26**	**5.40**

* adjusted for consistency with GRP guidelines

Carbon footprint analysis

The primary reasons for the changes are as follows:

- Work-related travel decreased between 2008 and 2009 then rose in 2010 due to more favorable economic conditions affecting our business. We rolled out a worldwide video conferencing system to further reduce our carbon footprint. However, the increased use of video conferencing did not offset increased travel required by projects and clients.
- Office-related emissions decreased through efficiency improvements. ARCADIS promotes "green" leases (LEED/ BREEAM certified spaces) and more efficient use of space by

employees. Several operations, including our corporate headquarters, were moved into more sustainable buildings.
- Paper use decreased and more of our products were provided in electronic form. The percentage of paper from high recycle content or sustainable forest sources also increased.

Objectives for future years
We previously established a 5-year goal to reach a carbon footprint of 3.35 MT CO2e/FTE, which reflected a 50% reduction against our original baseline calculations in 2008. At the time, we recognized this as an aggressive goal, but one that was in line with our desire to play a sustainability leadership role in our marketplace. As of 2010, we have achieved a reduction of 19% compared to the original 2008 baseline carbon footprint calculation.

Regional analysis shows that the carbon footprints range considerably worldwide due to regional differences caused by travel requirements, energy supply sources, and lack of comprehensive public ground transportation in some regions.

To achieve our 5-year goal, we require an average reduction of 0.7 MT CO2e/FTE each year for the next three years. This goal continues to be very aggressive given the current emission scope, however, not impossible. Based on the efforts made in 2010, we will re-evaluate our reduction strategies and near/long term goals and continue to balance environmental impacts with both economic and social impacts.

Health and safety

Part of our company culture
We aim to provide a healthy and safe work environment for all of our employees. To that end, we have a company-wide health and safety vision and policy, with the stated mission that “no one gets hurt”. Our global health and safety management system is based on a proactive and preventive behavior based approach and focuses on continuously improving safety, while allowing for the nuances of local culture, client expectations and regulations. Our Global Health & Safety Committee, responsible for overseeing the development and implementation of our program, includes an Executive Board member and represents 100% of the workforce at the global level.

Health and safety is an integral part of the solutions we provide to our clients, and a key differentiator. We believe that health and safety is foremost in the minds of our clients as it is in our company values. Clients demand robust programs that involve continuous improvement, strong leadership and employee engagement. Our behavior based program focuses on leading indicators that allow us to identify and prioritize risks in the activities we perform and continuously develop approaches for reducing the risks to our employees.

Health and safety performance
ARCADIS measures work-related injury and illness rates using standard definitions and measurement techniques that match those of regulatory bodies that are relevant to our operations and those of our clients. The following table provides these rates per 200,000 hours worked in 2010.

Part of company	Total recordable case frequency[1]	Lost-time case frequency[1]
Netherlands	0.32	0.28
United States	0.55	0.12
Europe (excl. Netherlands)	0.84	0.55
Rest of the World	0.51	0.22
Total company	**0.57**	**0.28**

* Per 200,000 hours

Work-related injury rates have consistently improved since the introduction of our global health and safety program in 2004, with a 50% decrease in recordable injuries and illnesses. While in 2010 our injury rate increased slightly compared to 2009, we believe this is evidence of our maturing health and safety culture, as employees understand the importance of reporting even minor incidents. Another indication of this maturity is near miss reporting, which provides effective learning experiences and opportunities to improve. In 2010, near miss reports increased by 71%. ARCADIS injury rates are well below the average injury rates of the publicly available U.S. benchmarks for the Architecture and Engineering Industry.

Objectives for 2011
In 2011, we will continue our push for continuous improvement with the basic goal to drive employee work-related injuries towards zero. To do this, we will focus on:
- Further defining the risk rating of our operating companies to ensure that each risk is appropriately controlled;
- Further improving our employees’ capability to recognize hazards and near misses, reporting these effectively, and sharing safety knowledge;
- Working with management to continue enhanced stewardship of our health and safety program with our staff, and;

Continued on next page

- Developing a subcontractor management program to better integrate subcontractors into our health and safety culture.

For more information about our health and safety policy and performance please visit our website: www.arcadis.com.

UN-HABITAT partnership program

In March 2010, ARCADIS and UN-HABITAT, the United Nations agency for human settlements, launched a global partnership aimed at supporting UN-Habitat with their mission of improving quality of life in rapidly growing cities around the world. Sustainable urbanization is one of the most pressing challenges facing the world in the 21st century. As a world leading company providing professional services that improve the quality of life of people, we are well positioned to support UN-HABITAT's efforts to address this urgent challenge. Under the partnership program, we make our staff, capabilities and experience available for selected projects. The program, which is named 'Shelter', is financially supported by the Lovinklaan Foundation, ARCADIS' largest shareholder, representing our staff.

In September 2010, five staff members participated in an international sanitation mission to Haiti as part of the reconstruction efforts following the January 2010 earthquake. This mission was followed by others in October and November. ARCADIS is also a key sponsor of the World Urban Campaign, a UN-HABITAT initiative to raise public awareness and address the social, economic and environmental challenges of urbanization. With the UN-HABITAT partnership we support the Millennium Development Goals, and environmental sustainability in particular. More information can be found on: www.arcadis.com/Shelter.aspx.

Reporting Standards

We have followed the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines while compiling the CSR performance covered in this report. The GRI framework is the most widely used standardized CSR reporting framework in the world. A detailed overview of our GRI performance is provided at our website www.arcadis.com/GRI.

We became member of the U.N. Global Compact in September 2009 and support its ten principles covering human rights, labor rights, environment and anti-corruption. Sections of this Report cover our progress in 2010 in these areas, which is our annual Communication on Progress (COP) submitted to the U.N. Global Compact Office. Further details are provided on www.arcadis.com/global compact. ■

Outlook 2011

The first signs of economic recovery are visible, especially in the United States. However, the recovery is still fragile and there is still significant uncertainty as to when and to what extent this will influence the different markets in which ARCADIS is active.

The economy in the U.S. and Europe is gradually recovering, driving increased private sector investments. In the public sector the crisis until now mainly affected local governments. In the meantime central governments in Europe have announced measures to balance their budgets. The same is happening in the United States. As yet it is unclear what the effect thereof will be on the economy and the markets relevant to us. Market conditions in Brazil and Chile are very favorable, while also Asia and the Middle East offer opportunities for further growth.

In the infrastructure market ARCADIS works on large projects, based on multiyear programs for which financing is secured. Examples are the A2 through Maastricht, the upgrading of the Dutch rail system, the high speed railway line Tours-Bordeaux and the subway in Rennes. For new projects, interest in PPP is strongly increasing, while demand for intelligent traffic systems is also on the rise. The situation in local markets is not expected to improve soon, with prices remaining under pressure as a result. In Brazil and Chile, recently won large assignments lay the groundwork for solid growth. The World Soccer Championship (2014) and Olympics (2016) will give Brazil an additional push.

The water market mostly concerns utilities with projects financed from specific water charges. This makes that market less sensitive to budget cuts. Because ARCADIS is active in the whole water cycle, the market offers many opportunities. In the U.S. new work has been won recently, focused on expansion and renewal of existing facilities in large cities. Demand for process optimization and cost reduction among water companies is on the rise. Recent floodings have put water management on the agenda. We continue to focus on vulnerable coasts and river areas in the U.S. and Europe. With the expertise and experience of Malcolm Pirnie, we can capitalize on growth potential in Chile, Brazil and the Middle East.

The environmental market is expected to recover further. In the U.S. and Brazil this is clearly visible and it is expected that also in Europe economic recovery will push demand from companies. The crisis has caused companies to focus on core activities while looking at vendor reduction and outsourcing of environmental services. With our advanced technology and international positions we can benefit from this and increase market share.

Contracting of new GRiP® projects was delayed, but the pipeline is well filled. Several framework contracts with the U.S. Army are yielding work, both in the U.S. and in Europe. Demand for consultancy services for energy savings and carbon footprint reduction is increasing.

The situation in the buildings market has improved. The market for commercial real estate in Europe and the U.S. is stable. Demand for redevelopment of existing real estate is starting to increase. Uncertainty about reform is causing delays in the U.S. healthcare market. RTKL remains fully geared on international expansion with a focus on Asia and the Middle East. The market for project management for publicly funded projects is under pressure. Investments of companies are increasing and our global network has already yielded several framework contracts with multinationals for offices, laboratories and data centers, both for design services and project management.

As part of the regular planning cycle, we have evaluated our strategy in 2010, resulting in a new, already communicated strategy: "Leadership, Balance, Growth", a logical continuation of the successful direction to date. Within the framework of the revised strategy it was decided to focus in Brazil on expansion of our core business. This means that the interests of ARCADIS Logos in self-developed energy projects will be sold. Meanwhile an agreement has been reached about the sale of most of the Biogas activities. As soon as the necessary approvals are received the agreement will be definitive and the activities will be deconsolidated and carried against market value. The gain depends on several factors, including the gas production. The effect on net income from operations of ARCADIS in 2011 is expected to be € 3 - € 5 million.

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Our order book has grown again in the fourth quarter and is now 9% above the level at the beginning of 2010. Our revised strategy provides an excellent touch stone to capitalize on the many opportunities in the market and for further expansion of activities through acquisitions. The integration with Malcolm Pirnie is on schedule. Maintaining margins remains an important priority, also in markets with price pressure. Although government austerity programs are causing uncertainty, especially in the European infrastructure market, the economic recovery has a positive impact on the environmental and buildings market, while emerging markets offer a lot of potential. That is why, on balance, we are cautiously positive about the outlook for 2011 and expect an increase of revenue and profits. This is barring unforeseen circumstances and currency effects.

Amsterdam, the Netherlands, March 4, 2011

Executive Board
Harrie L.J. Noy, *Chief Executive Officer*
Friedrich M.T. Schneider, *Member Executive Board*
Steven B. Blake, *Member Executive Board*
Renier Vree, *Chief Financial Officer*

Report by the Supervisory Board

2010 Financial statements and dividend

The Executive Board has prepared this Annual Report, including the 2010 financial statements. KPMG Accountants N.V. audited the financial statements; their report and certification are on page 115. The Supervisory Board recommends that the General Meeting of Shareholders adopts the 2010 financial statements.

On March 3, 2011, the Audit Committee discussed the 2010 financial statements with the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the auditor, and also had a discussion with the auditor, without management being present. In addition, in their meeting on March 4, 2011, the complete Supervisory and Executive Board discussed the annual report, including the financial statements, in the presence of the auditor. Furthermore the auditor's report and the quality of internal risk management and control systems were discussed in the Audit Committee and then reviewed by the Supervisory Board.

We agree with the Executive Board's proposal to distribute a cash dividend of € 0.47 per share. The General Meeting of Shareholders will be asked to discharge the members of the Executive Board for their management of the Company and its affairs during 2010 and the members of the Supervisory Board for their supervision over said management.

The members of the Executive Board and Supervisory Board have signed the 2010 financial statements in accordance with section 2:101.2 of the Dutch Civil Code. The members of the Executive Board have also signed in accordance with section 5:25c.2.c of the Financial Markets Supervision Act (Wet op het financieel toezicht).

Supervisory Board Meetings in 2010

In 2010, the Supervisory Board met seven times with the Executive Board. Four "closed" meetings – without Executive Board members present – were held preceding regular meetings. In between meetings the Chairman was in regular contact with the CEO and occasionally with other Executive Board members. Supervisory Board members were very rarely absent from either full board meetings or any of the committee meetings.

In the meetings with the Executive Board, a number of recurring items were discussed, including financial performance, developments in operating companies, working capital, cash flow, claims and potential risks, compliance, health and safety, important project wins and the integration process with Malcolm Pirnie. We also regularly discussed potential acquisitions. Press releases related to quarterly results were discussed prior to publication.

As mentioned in our last year's report, in the beginning of March 2010 we did our review of the 2009 Annual Report and related documents. We agreed with the 2009 Annual Report, including the annual accounts, and approved the dividend proposal. We also reviewed legal and regulatory matters and claims, and the assessment of the Executive Board on internal risk management and control systems. We approved the granting of bonuses to members of the Executive Board and senior management. In a closed meeting, we evaluated the performance of the Executive Board members, discussed the composition of the Supervisory Board and evaluated potential candidates for our Board.

At the end of March, we met in Paris to visit ARCADIS France. In a closed meeting, we agreed on the nomination of a new member for our Board. In the regular meeting, we discussed progress on the implementation of the ARCADIS Business Control Framework, the planning for the strategy update process and the outcome of an internal survey among key staff regarding strategic issues. The draft agenda for the Annual General Meeting of Shareholders was approved, as well as the Corporate Authority Matrix. The Business Development Director for Buildings gave an update on developments in this business line. ARCADIS France management briefed us on markets and activities in France and we visited several interesting projects in Paris.

In May the first quarter results were discussed. We approved the granting of performance-based shares and options to members of the Executive Board and senior management and the granting of performance-based options to key staff. In the presence of the Director for mergers and acquisitions several potential acquisition opportunities were discussed. The Dutch Director Infrastructure gave a presentation on developments in his business.

In August, we discussed in the presence of the external auditor, the second quarter results and the half-year review of the auditor. Also on the agenda were post acquisition evaluations for companies that joined ARCADIS some years ago and we concluded that management had identified valuable lessons learned for the future. We discussed updates on Investor Relations and on developments in Dutch law, regulations and jurisprudence. The Dutch business unit leader for Environment gave a presentation on ARCADIS' position in that market. In a closed meeting, the CEO reported on his interviews with members of the Senior Management Committee on their views regarding the profile and potential candidates for the vacancy in the Executive Board resulting from the departure of Michiel Jaski. We agreed on the profile and the succession process.

In September we met in New York for a two-day meeting that focused on the strategy for the period 2011 - 2013. We had extensive discussions on the draft strategic plan as presented by the Executive Board, the strategic risks involved and the financial goals and targets for the plan period. In addition, we met with senior management of ARCADIS US and Malcolm Pirnie, and were informed on the integration process and developments in the different business lines. We also visited the impressive Newton Creek Wastewater Treatment Plant near Manhattan, where Malcolm Pirnie is involved as consultant and construction manager.

In November the third quarter results were discussed. As part of the updated strategy, we discussed organization & people, based on a presentation by the Corporate Director of Human Resources and we also discussed the strategy for Brazil. We concluded that we agree with the updated strategy for the period 2011 – 2013. The Director Health & Safety gave a presentation on progress regarding this important issue.

In December we had a closed meeting in which we evaluated our own performance, including that of individual members and the committees, for the first time supported by an external advisor, who interviewed all Board members and the CEO, based on a questionnaire that was completed in advance. The report of the advisor was the starting point for the discussions. We concluded that where required we complied with the Dutch Corporate Governance Code. We identified several items for further improvement. In the regular meeting, we approved the plan and budget for 2011, after discussions on economic and market developments and risks and opportunities. Based on a presentation by the Corporate Director for Human Resources, we reviewed progress on succession management and talent identification.

Results and Strategy

In our view the company achieved good results in 2010. Even though the impact of the economic crisis lingered and pressure on government budgets increased, ARCADIS was able to return to organic growth in the second half of the year while maintaining its margin at target level. Good progress was made with the integration of Malcolm Pirnie and we are pleased with the revenue synergies that have been achieved. The net debt ratio at year end remained solid, giving the company a healthy balance sheet. This will allow further expansion, also by acquisitions.

In our discussions with the Executive Board, we spent extensive time on the updated strategy. We fully support the outcome of this process, including the financial goals and the ambitions and targets for the business lines. By focusing on four business lines and leveraging capabilities and client relationships, the company will be able to strengthen its competitive edge and accelerate growth. We consider expanding into emerging markets an important priority of the updated strategy.

Corporate governance

ARCADIS complies with the Dutch Code on Corporate Governance. The chapter on Corporate Governance describes the governance structure of the Company and explains the deviations from the principles and best practices of the Code. The Remuneration Report summarizes the remuneration policy for the Executive Board and the application of this policy for 2010.

The Supervisory Board meets the requirement of the Code in that all of its members are independent. It also complies with the rule that its members do not hold more than five supervisory board positions at publicly listed Dutch companies. None of the Executive Board members holds supervisory board positions at public companies. During 2010, no transactions involving conflicts of interest occurred for Executive or Supervisory Board members that were material to the Company.

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Committees of the Supervisory Board

Audit Committee

In 2010, this Committee met four times. All meetings were attended by the CFO and the external auditor, while also the CEO was present regularly. The Committee met once with both the internal and external auditor without management being present. In a closed meeting, the functioning, independence and financial literacy of the committee and its members were evaluated. In addition, the Chairman of the Committee was in regular contact with the CFO to discuss progress on various matters.

In its March 2010 meeting, the Committee reviewed the full year 2009 financial statements, including impairment testing and dividend proposal and discussed the external auditor's report and management letter. Based on this letter and a report of internal audit, the assessment of the Executive Board regarding internal risk management and control systems was discussed.

Financial results, including working capital and cash flow developments, were discussed on a quarterly basis and the quarterly press releases were reviewed. At each meeting, updates were given on legal claims and pending litigation, certain project risks and integrity issues. In August, the external auditor's half-year review and the company's 2010 outlook were discussed. The auditor provided updates on developments in IFRS accounting standards.

During the year, in the presence of the internal auditor, results of internal audits were reviewed and regular attention was paid to the implementation of the ARCADIS Business Control Framework and the roll out of the Dutch management information system to Europe. In November the Internal Audit Plan 2011 was discussed and approved.

The committee reviewed compliance with the policy on auditor independence, evaluated the performance of the external auditor in consultation with the Executive Board and reported its findings to the Supervisory Board. KPMG's audit plan and fee proposal for 2010 were discussed and approved.

Selection and Remuneration Committee

In 2010, this committee met four times, mostly in the presence of the CEO and the Corporate Director of Human Resources. Topics included the granting of bonuses to the Executive Board and senior management, the granting of performance-based shares and options to the Executive Board and senior management, and the granting of performance-based options to key staff. The committee determined ARCADIS ranking among the peer group as the basis for the vesting of shares and options in May 2010. Based on the 2011 plan, the performance criteria for 2011 bonuses of the Executive Board and senior management were discussed and established. For the remuneration report, please refer to page 55 of this Report.

The committee prepared the performance evaluation of Executive Board members for discussion in the Supervisory Board. The program for management succession and talent identification was extensively discussed. The committee proposed that Mr. Friedrich Schneider, whose first term of four years lapsed in 2010, be re-appointed. The committee also spent ample time on the succession of the two Executive Board members who left the company on respectively May, 1 and September 30, 2010. The profile for both positions was discussed, progress of the recruitment processes was monitored and potential candidates were interviewed. The CFO nominee was appointed by the General Meeting in May 2010, while the process for the other position is expected to be finished soon.

In accordance with the policy to review the Executive Board remuneration every three years, the committee started a benchmarking process, assisted by an external advisor. It was concluded that the labor market reference group and the peer group need to be adjusted, but that the current remuneration structure can be maintained. The committee prepared recommendations for discussion by the Supervisory Board, resulting in a proposal to the General Meeting of Shareholders in May 2011.

Composition Executive and Supervisory Board

Executive Board

At the General Meeting of Shareholders on May 12, 2010, Mr. Friedrich Schneider was reappointed as member of the Executive Board for a second term of four years, while Mr. Renier Vree was appointed as member for a period of four years in the role of CFO. He succeeded Mr. Ben van der Klift, who at the end of his first term, decided to continue his career outside the company. Per September 30, 2010, Mr. Michiel Jaski resigned as member of the Executive Board, to take a sabbatical. We appreciate the contributions by Mr. van der Klift and Mr. Jaski to the growth and success of the Company. We intend to nominate a successor for Mr. Jaski for appointment at the upcoming General Meeting of Shareholders.

For the current composition of the Executive Board and information about its members, please refer to page 61 of this Report.

Supervisory Board
At the General Meeting of Shareholders on May 12, 2010, the second term of Mr. Rijnhard van Tets expired and he was reappointed for his third four-year term. The Supervisory Board re-appointed him as Chairman. At the same meeting, Mr. Ian Grice, a civil engineer with broad international experience in the infrastructure and buildings markets, was appointed as new member of the Supervisory Board for a period of four years. After the General Meeting Mr. Carlos Espinosa de los Monteros and Mr. Jan Peelen resigned, after having served on the Board for 12 and 10 years respectively. We are very grateful for their contribution and wisdom throughout their many years in function.

In view of the changed composition of the Supervisory Board, the committees were reconstituted. For the current composition of the Supervisory Board, its committees and information about its members, please refer to page 60 of this Report.

As of the end of the General Meeting of Shareholders on May 18, 2011, the second term of Mr. Gerrit Ybema will expire. He is available for reappointment and we intend to make a non-binding nomination for his re-appointment.

Compliments

The commitment and dedication of ARCADIS' people determine the success of our company. We therefore want to offer our compliments to management and to all staff for the excellent results achieved, despite the challenging conditions facing certain parts of our business. ■

Amsterdam, the Netherlands, March 4, 2011
On behalf of the Supervisory Board,
Rijnhard W.F. van Tets, Chairman

Remuneration Report

This report has been prepared by the Selection and Remuneration Committee of the Supervisory Board. In early 2008 both the remuneration of the Executive Board and of the Supervisory Board were reviewed. In its meeting on May 7, 2008, the General Meeting of Shareholders (GMS) adopted the revised remuneration policy for the Executive Board and the revised remuneration for the members of the Supervisory Board. Within the framework of the policy as adopted by the GMS, compensation of the Executive Board members is determined by the Supervisory Board, based on advice of the Selection and Remuneration Committee. The Committee reviews the remuneration policy every three years to verify its market conformity. This process has been started again and will result in a proposal to the General Meeting of Shareholders in May 2011.

Remuneration Executive Board

Remuneration policy

Compensation in line with median level of reference group
The ARCADIS remuneration policy is aimed at attracting, motivating and retaining qualified management for an international company of ARCADIS' size and complexity. The remuneration for Executive Board members consists of a fixed base salary, a short-term variable remuneration (cash bonus), a long-term variable remuneration (shares and options) and a pension plan and other fringe benefits. Variable remuneration is an important part of the total package and is based on performance criteria that incentivize value creation in the short and longer term. The remuneration policy aims at compensation in line with the median level of primarily the Dutch part of a selected labor market reference group.

Labor market reference group
The labor market reference group consists of Dutch companies, as well as a number of European industry peers of comparable size and complexity. It includes: USG People (NL), Heymans (NL), Imtech (NL), Draka (NL), Fugro (NL), Boskalis (NL), Grontmij (NL), Ordina (NL), Atkins (UK), Pöyry (Fin), WSP (U.K.), RPS (U.K.), Sweco (S) and White Young Green (U.K.).

Fixed base salary

The target level for fixed base salary is based on the median level of the reference group, while maintaining a proportionate difference between the CEO and the members of the Executive Board so that the CEO salary is 1/3 higher. To bring base salary to the target level, the Supervisory Board proposed to the GMS to increase base salary in two steps of 10% each. This adjustment was considered necessary and justified in view of the increased size and changed positioning of the Company and was approved by the GMS in 2008. Per July 1, 2008 base salary was increased by 12%, including inflation. In view of the economic crisis, the Executive Board renounced any increase in base salary in 2009. Per July 1, 2010 base salary was increased by 10%, resulting in base salary levels according to the table below.

	Target level[2]	2010 base salary[1]
CEO	€ 450,000	€ 458,512
Member EB (non U.S.)	€ 337,500	€ 342,960
U.S. member EB		€ 550,000

[1] Base salary as per July, 1 of the year mentioned
[2] Target level is based on 2007 price level.

Short-term variable remuneration: bonuses

Bonuses may vary from 0% to 60% of fixed base salary, with 40% being applicable when targets are achieved. Financial targets are related to the Company's financial goals and determine 75% of the bonus. It concerns: earnings per share (EPS)(based on net income from operations, excluding currency impacts) and return on invested capital (ROIC), (as defined by the financial goals, described on page 19). Non-financial targets are set for each Executive Board member individually and relate to specific goals, usually more strategic in nature. These targets determine the remaining 25% and cannot be overachieved. The targets are preset annually by the Supervisory Board. The bonus percentage is determined using the following table:

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Criterion	Weight	Cash bonus as percentage of base salary		
		Minimum	At target	Maximum
EPS	45%	0%	18%	30%
ROIC	30%	0%	12%	20%
Discretionary criteria	25%	0%	10%	10%
Total	**100%**	**0%**	**40%**	**60%**

For the Executive Board member from the United States, the level of EBITA generated by the U.S. operations is added, with the following adjusted weights: EPS 30%; ROIC 20%; EBITA U.S. 25%; Discretionary criteria 25%.

Targets for 2010 and performance against these targets were as follows:

- The EPS target was based on 2010 budget. Minimum and maximum are achieved at -10% and +10% compared to target. With 2010 EPS at € 1.19 the target was overachieved by 9.7%, resulting in 29.6% of base salary for this target.
- The ROIC target is in principle 15% but is annually reviewed based on the budget. For 2010 the target was set at 14%, with minimum being achieved at 10%, maximum at 18%. As 2010 ROIC was at 13.9%, 11.7% of base salary was achieved for this target.
- Non-financial targets are tuned to the specific responsibilities of individual Executive Board members. Based on performance, the bonus was 10% of base salary for these targets.
- The EBITA target for the Executive Board member from the U.S. was overachieved and the maximum percentage of base salary on that item was granted.

This resulted in bonuses varying between 51% and 55% of base salary.

Long-term variable remuneration: shares and options

The remuneration policy includes the granting each year of performance-based shares and options. These vest and become unconditional after three years dependent on the Company's relative performance against a peer group of comparable, listed companies. Performance is measured as *Total Shareholder Return* (TSR), defined as share price increase, including reinvested dividends. This stimulates creating shareholder value on the longer term. As from 2008 the peer group and TSR measurement were adjusted, while the numbers of shares and options to be granted were reset.

Peer group and vesting

At the end of each three-year cycle, ARCADIS' performance is measured against the companies in the peer group. ARCADIS' ranking determines whether and to what extent the originally granted options and shares vest and become unconditional. The tables below show the old and new peer group as well as the old and new vesting scheme.

Peer group	
For 2005-2007[1]	For 2008-2010[1]
ARCADIS (NL)	ARCADIS (NL)
Alten (Fr)	Atkins (UK)
Atkins (UK)	Grontmij (NL)
Grontmij (NL)	Poyry (Fin)
Poyry (Fin)	Sweco (Sw)
Sweco (Sw)	WYG (UK)
WSP (UK)	WSP (UK)
Tetra Tech (US)	Aecom (US)
TRC (US)	Jacobs (US)
URS (US)	Tetra Tech (US)
	URS (US)

Vesting for 2005-2007[1]		Vesting for 2008-2010[1]	
Position	Vesting	Position	Vesting
1	150%	1	150%
2	133%	2	133%
3	117%	3	117%
4	100%	4	100%
5	83%	5	83%
6	67%	6	67%
7	50%	7	50%
8	0%	8	0%
9	0%	9	0%
10	0%	10	0%
		11	0%
Expected:[2]	70%	Expected:[2]	64%

[1] The years mentioned refer to the years of granting of conditional shares and options.
[2] Expected vesting percentage, assuming equal chances for each position.

Performance measurement

For the shares and options granted in the period 2005-2007, performance is based on the average TSR at the end of the three-year period. For the shares and options granted in the period 2008-2010, performance is based on the average TSR over the three-year period. This prevents incidents such as temporary sentiments or take-over rumors related to specific companies having a strong impact on relative performance.

Number of shares and options

In 2008, the numbers of conditional shares and options to be granted were reset to bring the value of the long-term incentive in line with the percentage of base salary that is aimed for. This was done using the average ARCADIS share price in the first quarter of 2008 of € 13.33 and an expected vesting percentage of 63.6% (equal chance for each position in ranking after three years). The numbers of conditional shares and options to be granted annually were fixed for three years (2008-2010) and approved by the GMS in 2008. They are as follows:

Target LTI as % of base		To be granted in 2008-2010		Vesting of shares		Vesting of options	
		Shares	Options	Min	Max	Min	Max
CEO	50%	18,000	36,000	0	27,000	0	54,000
Member EB	40%	10,800	21,600	0	16,200	0	32,400

The exercise price for options granted is the closing price of the ARCADIS share on the first trading day after the GMS on which the shares are quoted ex-dividend. Options are valid for a 10-year period. Except for paying income tax on vested shares, shares must be retained for a period of at least two years after vesting or at least until termination of employment when this is shorter.

Vested shares and options

In May 2010, the shares and options that were granted in May 2007 became unconditional at 117% of the originally granted numbers. This was due to ARCADIS' performance in the period 2006-2009 resulting in the third place among the peer group.

Over the period 2007-2010 ARCADIS ended in the fourth place among the peer group, showing that the Company continued its good performance. Therefore the shares and options that were granted in May 2008 will become unconditional in May 2011 at 100% of the originally granted numbers. Please refer to the table on page 58 for more information on shares and options.

Policy in case of a take over

In the event of a takeover of ARCADIS, the treatment of shares and options granted to the Executive Board (and all other staff) will be determined by the Supervisory Board, upon advice by the Selection and Remuneration Committee, taking into account the share price in the period preceding the disclosure of an offer, as well as all other relevant circumstances at that moment. This means that the exercise price of outstanding options and the number of unvested conditional shares can be adjusted to correct for (part of) the increase in share price caused by the offer. Unvested shares and options will vest proportionally to the number of months of the three-year vesting period that elapsed since the grant date.

Pensions, other benefits, contracts

Pensions

Executive Board members (excluding Mr. Blake) participate in the ARCADIS Netherlands pension plan. This is a collective defined contribution plan with the premium based on the ambition of a pension payment that, under certain conditions, is comparable to an average pay scheme with a retirement age of 63 years. The contribution from the participants is 6% of the pension basis. Mr. Schneider, who is a German citizen, receives compensation for the limited tax deductibility of his own contribution to the pension fund. Mr. Blake, who operates from the United States, participates in the 401k plan of ARCADIS U.S.

Other benefits

Executive Board members receive a fixed allowance for expenses, as well as other customary fringe benefits, including the use of a company car. They may also participate in the Employee Stock Purchase Plan to purchase up to a maximum of € 400 per month of ARCADIS shares from the Lovinklaan Foundation at a discount.

Employment contracts and severance pay

Mr. Noy has been appointed for an indefinite period. His contract does not contain severance pay provisions. With Mr. Schneider who has been reappointed to the Executive Board in 2010, and with Mr. Vree who has been appointed in 2010, a four-year term and a maximum severance pay of one year's base salary has been agreed. Due to his long tenure with the Company, the maximum severance pay for Mr. Blake, who was appointed to the Executive Board as per January 1, 2010 until the General Meeting of Shareholders in 2013, was set at 18 months. Contracts of Executive Board members do not contain provisions for the event of the termination of employment resulting from a change in control.

Other elements of the remuneration policy

Since the remuneration policy was adopted by the GMS in May 2008, a revised Code on Corporate Governance was issued which contains additional best practices regarding executive remuneration. Based upon advice of the Selection and Remuneration Committee, the Supervisory Board has evaluated these additional best practices, resulting in the following conclusions:

- The remuneration policy as described before is aligned with the strategy and the financial goals of the Company and its related risks. It includes a good balance between fixed and variable and between short and long-term remuneration and is (relatively) simple and understandable. In 2005, the maximum short-term cash bonus was adjusted downward from 200% to 150% of the target bonus, while at the same time the long-term incentive was upgraded to also include performance shares.
- The remuneration for Executive Board members is in reasonable proportion to that for the next level in the organization. ARCADIS' Senior Management Committee members and other operating company directors, have a remuneration structure comparable to the Executive Board.
- A scenario analysis that was made with respect to the potential outcomes of the variable remuneration gave no cause to adjust the remuneration policy.
- The Supervisory Board recognizes that conditionally awarded variable remuneration components could produce unfair results due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved. In such case the Supervisory Board will use its judgment to make adjustments (downwards or upwards) to the value of these variable remuneration components, taking into account the relevant circumstances. This ultimum remedium clause will be included in the long term incentive plan.
- The Supervisory Board will use its best efforts – taking into account the relevant circumstances – to recover from the Executive Board members any variable remuneration awarded on the basis of incorrect financial or other data. This claw back clause has been included in the bonus program and will be included in the long term incentive plan.

Remuneration overview

For more information on remuneration and share and option ownership of Executive Board members, please refer to notes 45 and 46 of the financial statements in this Report.

Continued on next page ▶

Remuneration Supervisory Board

The GMS determines the remuneration of Supervisory Board members. Remuneration was last reviewed in 2008, taking into account a benchmark analysis of remuneration at companies that are part of the Amsterdam Midkap Index (AMX). In view of the outcome of this analysis and the increased responsibilities of Supervisory Board Members, the GMS approved in May, 2008, the following remuneration as per July 1, 2008:

	Chairman	Member
Yearly fixed remuneration	€ 45,000	€ 30,000
Yearly fixed cost compensation	€ 3,000	€ 2,000
Membership AAC	€ 7,500	€ 5,000
Membership ASRC	€ 5,000	€ 5,000

In addition, non-Dutch members receive an attendance fee per physical meeting of € 2,000 for European members and US $ 4,000 for members from the United States. Remuneration is not dependent on Company results. Supervisory Board members are not eligible to receive shares or options as part of their remuneration package. Possible share ownership of ARCADIS shares by a Supervisory Board member is meant as a long-term investment.

For more information on remuneration and share ownership of Supervisory Board members, please refer to notes 45 and 47 of the financial statements in this Report.

Other information

The Company has not granted any loans, advances or guarantees to Executive or Supervisory Board members. In 2005, ARCADIS NV provided Executive Board members an indemnification for all costs and expenses from and against any claim, action or lawsuit related to actions and/or omissions in their function as Executive Board members. As approved by the GMS in 2005, a similar indemnification was provided to Supervisory Board members.

On behalf of the Selection and Remuneration Committee
Rijnhard W.F. van Tets, Chairman ■

Name			Granting				Vesting		Lock up
	Date	Type	Number	Share price[1]	Value[2]	Date	Vesting %	Number	until[3]
H.L.J. Noy	May-05	shares	30,000	5.98	113	May-08	133%	39,999	May-10
		options	75,000	5.98	93		133%	99,999	n.a.
	May-06	shares	30,000	12.38	233	May-09	100%	30,000	May-11
		options	75,000	12.38	216		100%	75,000	n.a.
	May-07	shares	30,000	19.89	375	May-10	117%	35,000	May-12
		options	75,000	19.89	250		117%	87,500	n.a.
	May-08	shares	18,000	13.03	147	May-11	100%	18,000	May-13
		options	36,000	13.03	71		100%	36,000	n.a.
	May-09	shares	18,000	10.91	123	May-12			May-14
		options	36,000	10.91	68				n.a.
	May-10	shares	18,000	14.33	162	May-13			May-15
		options	36,000	14.33	90				n.a.
F. Schneider	May-06	shares	15,000	12.38	117	May-09	100%	15,000	May-11
		options	37,500	12.38	108		100%	37,500	n.a.
	May-07	shares	15,000	19.89	187	May-10	117%	17,500	May-12
		options	37,500	19.89	125		117%	43,750	n.a.
	May-08	shares	10,800	13.03	88	May-11	100%	10,800	May-13
		options	21,600	13.03	42		100%	21,600	n.a.
	May-09	shares	10,800	10.91	74	May-12			May-14
		options	21,600	10.91	41				n.a.
	May-10	shares	10,800	14.33	97	May-13			May-15
		options	21,600	14.33	54				n.a.
S. Blake	May-10	shares	10,800	14.33	97	May-13			May-15
		options	21,600	14.33	54				n.a.
R. Vree[4]	May-10	shares	21,600	14.33	194	May-13			May-15
		options	43,200	14.33	108				n.a.
		options[5]	30,000	14.33	113				n.a.

1) Share price in euro.
2) Value at granting in thousands of euros.
3) Shares have a lock up period of two years after vesting, except for using shares to pay for tax obligations. For options a lock up is not applicable (n.a.).
4) When R. Vree was appointed to the Executive Board, he received twice the normal numbers granted, and an additional number of 30,000 non conditional options, to compensate for loss of options/shares at his previous employer.
5) These options are non conditional in the sense that they vest after three years, independent of TSR performance, but only when Mr. Vree is still employed at ARCADIS.

Information on Members of the Supervisory

Supervisory Board

Rijnhard van Tets

Ruth Markland

George Nethercutt

Armando R. Perez

Maarten Schönfeld

Gerrit Ybema

Rijnhard W.F. van Tets MSc. (1947) - chairman

Dutch nationality, term 2002-2014

Selection and Remuneration Committee (Chairman)

Current position:
Managing Partner of Laaken Asset Management

Previous positions:
Banque Européenne de Credit (Brussels) and Société Générale (Paris, 1973-1975), Sogen Swiss and First Boston Corporation (New York, 1975-1983). Member of the Executive Board of ABN AMRO Bank (1988-2002). Advisor to the Executive Board of ABN AMRO Bank (2002-2007).

Non-executive board functions:
• Chairman Supervisory Board Euronext N.V. and Euronext Amsterdam N.V. and member Supervisory Board NYSE Euronext Inc.
• Chairman Supervisory Board Equity Trust SARL • Board Member Petrofac Plc. • Member Supervisory Board International Flavors & Fragrances I.F.F. (The Netherlands) Holding B.V.

Ruth Markland (1953)

British nationality, term 2009-2013

Audit Committee

Previous positions:
Lawyer, Nabarro Nathanson (1975-1977); Lawyer/Partner, Freshfields (1977-2003) in their offices in London, Singapore and Hong Kong.

Non-executive board functions:
• Non-executive director The Sage Group PLC
• Non-executive director Standard Chartered PLC • Chairman of board of trustees WRVS

George R. Nethercutt, Jr. (1944)

U.S. nationality, term 2005-2013

Selection and Remuneration Committee

Previous positions:
Chairman Permanent Joint Board on Defense, US/Canada. Member Defense Advisory Board on Incident Preparedness (2009-2010). Member United States House of Representatives (1995-2005), served on the Appropriations Committee and the Defense, Interior and Agriculture Subcommittees, as well as on the Science Committee and the Energy and Space Subcommittees. Practiced law in the private sector, focusing on corporate, estate and probate and adoption law (1977-1994). Worked in the US Senate in Washington, D.C., concentrating on oil and gas, natural resources, mining and trading affairs (1972-1977).

Other functions:
• Member Board of Directors Hecla Mining Company • Member Board of Directors The Washington Policy Center • Member Board of Directors Juvenile Diabetes Research Foundation International • Chairman Board of Directors The George Nethercutt Foundation • Member Advisory Board Antelum Partners

Armando R. Perez (1951)

U.S. nationality, term 2009 - 2013

Selection and Remuneration Committee

Previous positions:
Member Board of Directors Malcolm Pirnie Inc (2007-July 2009). Management Consultant with several companies (1976-1980). Several senior management positions at ESSO, EXXON and EXXONMOBIL (1980-2008; Puerto Rico, Caribbean, the Netherlands, Chile, South America, global).

Other functions:
• Vice-President Board of Directors COANIQUEM Burned Children Foundation
• Member Advisory Board International Center of Baptist Health South • Member Advisory Board School of International and Public Affairs at Florida International University • Chairman Executive Advisory Committee Chapman Graduate Business School at Florida International University (2003-2008) • Member Board of Directors Malcolm Pirnie • Member Board of Trustees Pan American Development Foundation

Maarten Schönfeld (1949)

Dutch Nationality, term 2008-2012

Audit Committee (Chairman)

Previous positions:
Vice-Chairman Executive Board and CFO Stork B.V. (2001-2008). Several senior international management positions within Royal Dutch Shell Plc. (1977-2001; USA, Argentina, Portugal, Switzerland, Germany and the Netherlands). Worked in Malawi, Africa for the United Nations Development Program (1974-1976).

Non-executive board functions:
• Draka Holding NV • S&B Industrial Minerals S.A., Greece • Technical University Delft
• Sanquin Blood Supply Foundation • HBKMD, Hogeschool van Beeldende Kunsten, Muziek en Dans in The Hague • AFM (member committee Financial Reporting) • Vereniging Effecten Uitgevende Ondernemingen (VEUO)

Gerrit Ybema MSc. (1945)

Dutch nationality, term 2003-2011

Audit Committee

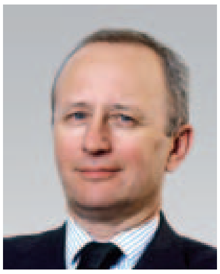
Previous positions:
Several functions at the local authority and at provincial level. Member of the Dutch Parliament (1989-1998). Chairman of the Standing Committee of Finance (1994). State Secretary for Economic Affairs (1998-2002).

Non-executive board functions:
• Member Supervisory Board Alliander N.V.

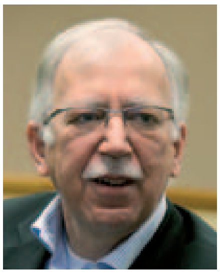
Other functions:
• Chairman Monitoring Board Zorggroep Noorderbreedte • Chairman Monitoring Board of Noordelijke Hogeschool Leeuwarden (NHL)
• Chairman Monitoring Board West Holland Foreign Investment Agency (WFIA)
• Chairman Consultative Organ Frisian Language and Culture • Chairman Dutch Foundation of Cinema Operators (NVB)
• Chairman Health Innovation Forum Foundation (ZIF) • Member Monitoring Board ROC Friese Poort

and Executive Boards

Executive Board



Ian Grice



Harrie Noy

Steven Blake

Friedrich Schneider

Renier Vree

Ian M. Grice (1953)

British nationality, term 2010-2014

Audit Committee

Previous positions:

Group Chief Executive Alfred McAlpine Plc (2003-2008), Executive Board Director Alfred McAlpine Plc (1995-2003), Director John Mowlem Construction Plc, Managing Director Mowlem Management Ltd and Managing Director Mowlem Facilities Management Ltd (1981-1995), various technical and management positions French Kier Ltd (1979-1981), John Mowlem Plc (1976-1979), Tileman & Company Ltd (1975-1976), and John Laing Plc (1974-1975).

Non-executive board functions:

• Non-executive director John Graham Ltd • Non-executive director/chairman Remuneration Committee Diploma Plc • Non-executive chairman Newby Management UK Ltd

Harrie L.J. Noy, MEng. (1951)

Dutch nationality

Current position:

Chairman of the Executive Board since 2000.

Previous positions:

Has worked for ARCADIS in various management positions throughout his career, most recently as a member of the Executive Board.

Non-executive board functions:

• Member of the Supervisory Board of NV Nederlandse Gasunie

Other functions:

• Member of the Advisory Board of Euronext • Board member of VEUO (The Dutch Association of Listed Companies) • Board member of the Management Studies Foundation (SMS) • Board member of VNO-NCW • Chairman of the Supervisory Board of the College of Arnhem-Nijmegen • Chairman of the Supervisory Board of the Vilente Foundation

Steven B. Blake (1956)

U.S. nationality, term 2010 - 2013

Current position:

Member of the Executive Board from 2010. Chairman and CEO ARCADIS US, Inc.

Previous positions:

Steve joined ARCADIS in 1987 and served in many management positions in ARCADIS including: President of a subsidiary (Spill and Tank Management); Director of Hydrocarbon Services Division; Director of Programs; Vice President of Strategic Operations and Company President. He was appointed CEO of ARCADIS U.S. in 1996 and then served on the ARCADIS Executive Board for 4 years (1999-2003) responsible for North and South America.

Friedrich M.T. Schneider, MA. PhD. (1962)

German nationality, term 2006-2014

Current position:

Before joining ARCADIS, he held various management positions at Rheinhold & Mahla AG, Bilfinger Berger AG, Bentec GmbH and Preussag AG

Non-executive board functions:

Member of the Supervisory Board at Ecolutions GmbH & Co KG

Renier Vree, MSc. (1964)

Dutch nationality, term 2010-2014

Current position:

Chief Financial Officer since 2010.

Previous positions:

Before joining ARCADIS, he worked in several financial management positions for Philips, having started with that company in 1987. From 1994 through 2002 he worked as Financial Director/Chief Financial Officer for Philips business units in the United States and Asia, including Malaysia and Hong Kong. From 2002 through 2004 he was director of global efficiency improvement programs for Philips. In 2004 he was appointed Chief Financial Officer of Philips Lighting.

Other functions:

• Member of Curatorium Post-graduate Chartered Controller/EMFC Programme University of Maastricht

1. **Harrie L.J. Noy, MEng (1951), Dutch nationality**
   Chairman of the Executive Board since 2000

2. **Renier Vree (1964), Dutch nationality**
   Chief Financial Officer since 2010

3. **Steven B. Blake, MSc (1956), U.S. nationality**
   Member of the Executive Board since 2010
   CEO ARCADIS U.S., Inc. since 2003

4. **Friedrich M.T. Schneider, MA, PhD (1962), German nationality**
   Member of the Executive Board since 2006

5. **Tom Haak, MSc (1956), Dutch nationality**
   Corporate Director Human Resources since 2006

6. **Chuck Leichner (1959), U.S. nationality**
   Global Director Corporate Development since 2011

7. **Craig E. Eisen, MSc (1951), U.S. nationality**
   Director of Mergers and Acquisitions since 2002

8. **Bill Dee, BSCE, MSEE (1948), U.S. Nationality**
   Global Director Water since 2010

9. **Bob Goldman (1957), U.S. nationality**
   Global Director Environment since 2007

10. **Yann Leblais (1952), French nationalityy**
    Global Director Infrastructure since 2009

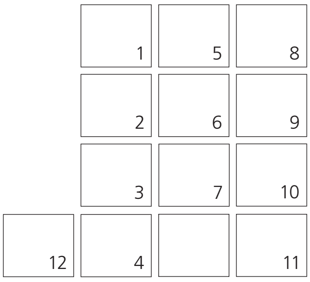
11. **Walter Verbruggen (1963), Belgian nationality**
    Global Director Buildings since 2010

12. **Bartheke Weerstra, LLM (1973), Dutch Nationality**
    General Counsel/Company Secretary since 2010

Executive Board

Corporate staff Directors

Global Business Line Directors











Company Secretary



13. Marek Adamek, MSc (1960), Polish nationality
CEO ARCADIS Polska Sp.zo.o. since 2004

14. Manoel da Silva, MSc (1953), Brazilian nationality
CEO ARCADIS Logos Ltda. since 2008

15. Gary Coates, BSc (1951), U.S. Nationality
COO ARCADIS U.S. since 2010

16. Stephanie Hottenhuis MSc (1965), Dutch nationality
CEO ARCADIS Deutschland since 2008

17. Hernán Bezamat Cuadra, Civ. Eng. (1954), Chilean nationality
CEO ARCADIS Geotecnica Consultores SA since 2007

18. Theo Dilissen (1953), Belgian Nationality
CEO ARCADIS Belgium since 2010

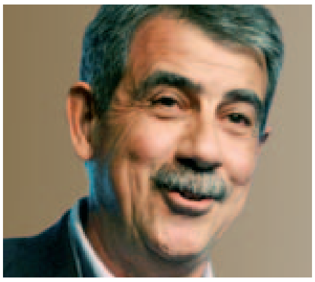
19. Peter Vince, MRICS (1958), British nationality
CEO ARCADIS UK since 2003

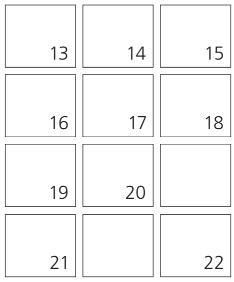
20. Rob Mooren,MSc (1956), Dutch nationality
CEO ARCADIS Nederland since 2009

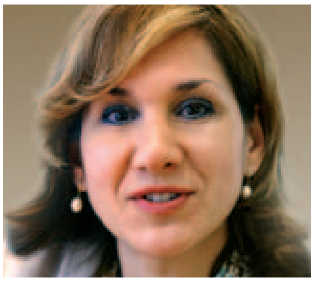
21. Nicolas Simonin, MSc (1962), French Nationality
CEO ARCADIS France since 2009

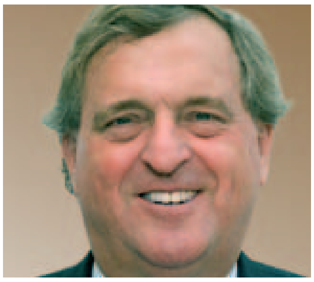
22. Lance Josal, FAIA (1955), U.S. nationality
CEO RTKL Associates Inc. since 2009

Other members Senior Management Committee









Corporate Governance

ARCADIS is committed to the principles of good governance: integrity, transparency, accountability and proper supervision. It complies with the Dutch Corporate Governance Code since it was first introduced in 2003, with few deviations. Compliance with the principles and best practices of this code, including explanation of deviations, was fully discussed in the General Meeting of Shareholders in May 2004 and accepted by the shareholders. Since that date, no material changes have been made to the corporate governance structure.

In December 2008 the Monitoring Committee Corporate Governance (the "Frijns Committee") presented an update of the Dutch Corporate Governance Code which became effective by decree on December 10, 2009 (the "Code"). In the annual report 2009 an overview was given of the actions taken to comply with the Code. At the Annual Meeting of Shareholders that was held on May 12, 2010, the compliance of ARCADIS with the Code was on the agenda for discussion and shareholders concurred with the way we handled our compliance with the Code. Any future material changes in the Company's corporate governance structure and its compliance with the Code will be submitted to shareholders for their consideration.

An overview of the corporate governance structure of ARCADIS and an explanation of deviations from the principles and best practices of the Code are provided below. For additional information about Corporate Governance at ARCADIS please visit our website at: www.arcadis.com/About+Us/Governance/.

Organizational structure

ARCADIS NV is a public limited company ("Naamloze Vennootschap") under Dutch law. The company is managed by the Executive Board under supervision of the Supervisory Board. Since 2003 ARCADIS has been an international holding company. Members of the Executive and Supervisory Board are appointed and dismissed by the general meeting of shareholders (the "General Meeting").

On the proposal by the Executive Board, and with prior approval of the Supervisory Board and the ARCADIS Priority Foundation, the General Meeting can amend the Articles of Association. Such a decision requires a majority of at least three/fourth of the votes cast in a meeting in which at least three/fourth of the issued share capital is represented. If the quorum is not met, a second meeting is required, in which the resolution can be adopted by a majority of at least three/fourth of the votes, regardless of the share capital represented in the meeting.

Executive Board

The Executive Board manages the Company and is responsible for the Company's goals, objectives, strategy, policy and results. The Supervisory Board determines the number of Executive Board members after consultation with the Executive Board. The General Meeting appoints the Executive Board members. For every appointment the Supervisory Board is entitled to make a nomination. The General Meeting can overrule a binding nomination by a resolution adopted by a majority of at least two/thirds of the votes, representing more than half of the issued share capital. On a non-binding nomination, the General Meeting decides by simple majority. The General Meeting can dismiss an Executive Board member. Such a decision, other than proposed by the Supervisory Board, requires at least two/thirds of the votes, representing at least half of the issued share capital. The Supervisory Board appoints one of the members of the Executive Board as Chairman and determines, in consultation with the Executive Board, the division of tasks.

The present composition of the Executive Board and information about its members are provided on page 61 of this Report.

Supervisory Board

The Supervisory Board supervises and advises the Executive Board in the performance of its management tasks and supervises the overall development of the Company and its affiliates. In doing so, the Supervisory Board is guided by the interests of the Company and its stakeholders. The Supervisory Board consists of at least three members (currently seven). Members are appointed by the General Meeting. For every appointment the Supervisory Board is entitled to make a nomination. The General Meeting can overrule a binding nomination by a resolution adopted by a majority of at least two/thirds of the votes, representing more than one/third of the issued share capital. In case of a non-binding nomination the General Meeting decides by simple majority. The General Meeting can dismiss a member of the Supervisory Board. Such a decision, other than proposed by the Supervisory Board, requires at least two/thirds of the votes, representing at least one/third of the issued share capital.

The Supervisory Board appoints one of its members as Chairman and one as Vice-Chairman. Members are appointed for a maximum period of four years. They are eligible for reappointment for two additional four-year terms, up to a maximum of twelve years in office.

The Supervisory Board has established two committees from amongst its members: an Audit Committee and a combined Selection and Remuneration Committee. Their task is to assist and advise the Supervisory Board in fulfilling its responsibilities. The tasks and procedures of the committees are outlined in their charters, which can be found on our website.

The present composition of the Supervisory Board and information about its members are provided on page 60 of this Report.

General Meeting of Shareholders

At least once a year ARCADIS NV convenes a shareholder meeting. Meetings are convened by the Executive or Supervisory Board. Meetings can also be convened at the request of shareholders jointly representing at least ten percent of the Company's issued share capital. Shareholders that hold such minimum percentage of shares as provided in the Dutch Civil Code (currently at least one percent of the issued share capital or shares representing a value of at least € 50 million) may submit, at least sixty days prior to a scheduled meeting, a proposal to place items on the agenda of the meeting. Each shareholder is entitled to attend shareholder meetings in person or be represented by written proxy and to exercise voting rights with due observance of the provisions in the Articles of Association. Each outstanding share entitles the holder to one vote. Resolutions are adopted by simple majority unless the Articles of Association or the law provide(s) otherwise.

ARCADIS advocates active shareholder participation at shareholder meetings. Since 2007, the Articles of Association allow for communication and voting by electronic means. For more information about the powers of the General Meeting as well as the Company's Articles of Association, please visit our website.

Share capital

The authorized share capital of ARCADIS NV consists of ordinary shares, cumulative financing preference shares, priority shares and cumulative preference (protective) shares, each with a nominal value of EUR 0.02. At year end 2010, the total number of ordinary shares outstanding was 66,066,008. Currently only ordinary shares and 600 priority shares have been issued. A further explanation on the capital structure is given in note 18 to the Financial Statements. Priority shares and cumulative preference shares have an impact on the governance of the Company.

Priority shares

The 600 priority shares, held by the ARCADIS Priority Foundation (Stichting Prioriteit ARCADIS NV), entitle the holder to a right of approval regarding certain important decisions. These include the issuance, acquisition or disposal of shares, amendments to the Articles of Association, dissolution of the Company as well as certain major co-operations, acquisitions and divestments. The board of the Priority Foundation is comprised of three members of the Executive Board, seven members of the Supervisory Board and ten members that are ARCADIS employees. All resolutions of the board require a majority of at least sixty percent of the votes cast, implying that employee support is needed for those far-reaching decisions. For more information, please see note 18 to the Financial Statements.

Cumulative preference (protective) shares

Currently no cumulative preference shares have been issued. However, an option agreement to acquire and transfer such shares has been entered into between ARCADIS Preferred Stock Foundation (Stichting Preferente Aandelen ARCADIS NV) and ARCADIS. The objective of this foundation is to protect the interests of ARCADIS, its enterprise(s) and all of those involved. In the event of an unfriendly takeover attempt or another hostile situation, preference shares can be used to facilitate that the Executive and Supervisory Board have time to duly consider the situation and the interests involved. For more information, please see note 18 to the Financial Statements.

Regulation concerning securities

ARCADIS has regulations concerning the ownership of, and transactions in ARCADIS shares and other ARCADIS securities, which apply to all employees unless stipulated otherwise. These regulations also prohibit Executive and Supervisory Board members from executing transactions in the securities of certain other listed companies, regardless of whether they have inside information or not.

Financial reporting and role of auditors

Before being presented to the General Meeting for adoption, the annual financial statements as prepared by the Executive Board must be examined by an external certified public auditor. The General Meeting has the authority to appoint the auditor. Each year the Supervisory Board nominates the auditor for (re) appointment by the General Meeting, taking into account the advice of the Audit Committee. The auditor's assignment (including his remuneration) is approved by the Supervisory Board, on the recommendation of the Audit Committee.

Prior to publication, the quarterly financial statements and quarterly reports are discussed with the Audit Committee, in the presence of the external auditor, in preparation for consideration by the Supervisory Board. The external auditor attends the meetings of the Supervisory Board in which the annual and half-year financial statements are to be approved and the audit report of the external auditor is discussed.

The ARCADIS Policy on Auditor Independence contains rules and procedures for the engagement of the external auditor, in order to ensure his independence. According to these procedures the Audit Committee must approve all audit, audit-related and permitted non-audit services to be provided by the external auditor.

Continued on next page

The Audit Committee annually evaluates the functioning of the external auditor, in consultation with the Executive Board, and the outcome is reviewed by the Supervisory Board. Also the desirability of rotating the external auditor's partners is evaluated. ARCADIS changed partners in 2001, 2006 and 2008.

ARCADIS has an internal audit function which operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO and the Audit Committee. The scope of work of the internal audit function is regulated in an Internal Audit Charter. The external auditor and the Audit Committee are involved in the preparation and approval of the annual internal audit plan. Internal Audit Reports are discussed with the Audit Committee in the presence of the external auditor.

Compliance with Dutch corporate governance code

ARCADIS applies the principles and best practices of the Dutch Corporate Governance Code published in December 2003 and as amended in December 2009, except for the following and for the reasons set out below:

II.1.1: Executive Board members to be (re)appointed after the Code first became effective, will be appointed for a period of maximum four years. This is the case for the members (re) appointed to the Executive Board in 2006, 2009 and 2010. The maximum four-year term will not be observed for the one member of the Executive Board that was appointed in 1994 for an indefinite period. This is in line with the preambles to the Code when it was first introduced, which indicates that existing contracts may be respected.

II.2.8: For Executive Board members to be (re)appointed after the Code became first effective, in principle a maximum severance payment consistent with the Code is or will be included in their contracts. This applies to the members appointed to the Executive Board in 2006 and 2010. The contract of the Executive Board member appointed prior to the introduction of the Code does not contain (maximum) severance pay provisions. Consequently, in the event of involuntary dismissal, the severance payment will be determined by taking into account the relevant factors such as applicable laws and regulations, the grounds for dismissal, the level of remuneration and the legal position of the individual as determined, inter alia, by length of service at the Company. The Executive Board member appointed in November 2009 is, in case of a "not-for-cause" termination of his contract, eligible to a severance payment of eighteen months fixed (base) salary, which is in line with his employment contract at that time and justified by his longstanding tenure with ARCADIS.

III.5: ARCADIS does not have a separate remuneration committee and a separate selection and appointment committee but combines the two in the Selection and Remuneration Committee, consistent with the practice established in 1998. The current size of the Supervisory Board, the allocation of responsibilities among its members, and the fact that the current committee is functioning satisfactorily justify this deviation. The Chairman of the Supervisory Board also chairs this committee, which we consider necessary given the selection and nomination task of this committee. Under the Code, the Chairman of the Supervisory Board can be chairman of the Selection and Appointment Committee but not of the Remuneration Committee. In this respect, ARCADIS deviates from best practice provision III.5.11.

IV.1.1: In 2003 the Articles of Association of the Company were amended to abandon the structure regime. At that time provisions were included in the Articles of Association that prescribe that binding nominations for the appointment or dismissal of members of the Executive and Supervisory Board can only be overruled by the General Meeting by a qualified majority. This was done in view of the percentage of share ownership of the Lovinklaan Foundation. It was further stipulated that nominations to the Executive Board would normally be binding, whereas nominations to the Supervisory Board would, under normal circumstances, be non-binding. The General Meeting explicitly approved this practice in 2003 by adopting the resolution to make the related amendments to the Articles of Association. ■

Financial Statements 2010

Consolidated statement of financial position as at December 31

Before allocation of profit

In EUR 1,000

Assets	Note	2010	2009
Non-current assets			
Intangible assets	7	**373,390**	342,691
Property, plant & equipment	8	**93,364**	84,788
Investments in associates	9	**30,493**	26,221
Other investments	10	**193**	211
Deferred tax assets	21	**29,131**	17,959
Derivatives	13	**86**	1,207
Other non-current assets	11	**24,404**	19,818
Total non-current assets		**551,061**	492,895
Current assets			
Inventories	12	**419**	467
Derivatives	13	**370**	102
(Un)billed receivables	14	**591,985**	555,090
Corporate income tax receivable		**4,104**	6,219
Other current assets	15	**44,385**	35,871
Assets classified as held for sale	16	**24,440**	
Cash and cash equivalents	17	**207,766**	224,509
Total current assets		**873,469**	822,258
Total assets		**1,424,530**	1,315,153

Equity and liabilities	Note	2010	2009
Shareholders' equity			
Share capital		**1,354**	1,354
Share premium		**106,788**	106,788
Translation reserve		**(20,858)**	(28,397)
Hedging reserve		**(3,943)**	78
Retained earnings		**235,529**	199,128
Net income		**73,930**	72,753
Total equity attributable to equity holders of the Company		**392,800**	351,704
Non-controlling interests		**18,395**	16,833
Total equity	18	**411,195**	368,537
Non-current liabilities			
Provisions	20	**26,645**	28,363
Deferred tax liabilities	21	**11,021**	10,790
Loans and borrowings	22	**318,204**	342,056
Derivatives	13	**7,196**	843
Total non-current liabilities		**363,066**	382,052
Current liabilities			
Billing in excess of cost	14	**157,161**	158,777
Corporate tax liabilities		**14,780**	7,363
Current portion of loans and borrowings	22	**68,071**	5,600
Current portion of provisions	20	**6,367**	6,039
Derivatives	13	**3,857**	2,686
Accounts payable		**139,760**	128,940
Accrued expenses		**15,871**	21,294
Bank overdrafts and short-term borrowings		**22,197**	26,906
Other current liabilities	23	**199,030**	206,959
Liabilities classified as held for sale	16	**23,175**	
Total current liabilities		**650,269**	564,564
Total liabilities		**1,013,335**	946,616
Total equity and liabilities		**1,424,530**	1,315,153

The notes on pages 72 to 107 are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income for the year ended December 31

In EUR 1,000

	Note	2010	2009
Gross revenue	26	2,002,807	1,785,773
Materials, services of third parties and subcontractors		(628,090)	(568,219)
Net revenue		1,374,717	1,217,554
Personnel costs	27	(983,214)	(865,548)
Other operational costs	27	(228,631)	(207,668)
Depreciation and amortization	7,8	(27,262)	(24,513)
Amortization other intangible assets	7	(6,276)	(7,140)
Other income	28	324	1,734
Total operational costs		(1,245,059)	(1,103,135)
Operating income		129,658	114,419
Finance income	29	8,760	6,369
Finance expenses	29	(21,963)	(14,902)
Fair value change of derivatives	13,29	(5,111)	4,896
Net finance expense		(18,314)	(3,637)
Income from associates		689	15
Profit before income tax		112,033	110,797
Income taxes	30	(34,584)	(36,989)
Profit for the period		77,449	73,808

Other comprehensive income

Exchange rate differences for foreign operations		9,597	15,453
Effective portion of changes in fair value of cash flow hedges		(4,021)	78
Other comprehensive income, net of income tax		5,576	15,531
Total comprehensive income for the period		83,025	89,339

Net income from operations

Profit for the period attributable to equity holders of the company (net income)		73,930	72,753
Net effect of financial instruments[1]		-	(5,583)
Lovinklaan employee share purchase plan[2]		322	2,598
Amortization identifiable intangible assets, net of taxes		4,139	4,534
Net income from operations		78,391	74,302

Profit attributable to:

Equity holders of the company (net income)		73,930	72,753
Non-controlling interest		3,519	1,055
Profit for the period		77,449	73,808

Total comprehensive income attributable to:

Equity holders of the Company		77,448	87,764
Non-controlling interest		5,577	4,692
Total comprehensive income for the period		83,025	92,456

Earnings per share (in euros)

Basic earnings per share	19	1.12	1.15
Diluted earnings per share	19	1.08	1.13

Net income from operations per share (in euros)

Basic earnings per share	19	1.19	1.18
Diluted earnings per share	19	1.15	1.16

[1] Net effect of financial instruments relates to the fair value changes of the swap related to the $350 million loan, which was settled early January 2009.

[2] The Lovinklaan employee share purchase plan is controlled by the Lovinklaan Foundation and the company has no influence on this scheme. Accordingly, the company does consider the related share based payments expenses that need to be recorded under IFRS as a non-operational expense.

The notes on pages 72 to 107 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

In EUR 1,000

	Attributable to equity holders of the parent company							
	Share capital	Share premium	Hedging reserve	Translation reserve	Retained earnings	Total share-holders' equity	Non-controlling interest	Total equity
Balance at January 1, 2009	1,239	36,193		(40,213)	210,366	207,585	12,344	219,929
Profit for the period					72,753	72,753	1,055	73,808
Exchange rate differences				11,816		11,816	3,637	15,453
Effective portion of changes in fair value of cash flow hedges			78			78		78
Other comprehensive income			78	11,816		11,894	3,637	15,531
Total comprehensive income for the period			78	11,816	72,753	84,647	4,692	89,339
Transactions with owners of the Company								
Dividends to shareholders					(27,060)	(27,060)	(203)	(27,263)
Share-based compensation					9,341	9,341		9,341
Taxes related to share-based compensation					3,117	3,117		3,117
Issue of shares	115	70,595				70,710		70,710
Share options exercised					3,364	3,364		3,364
Total transactions with owners of the Company	115	70,595			(11,238)	59,472	(203)	59,269
Balance at December 31, 2009	**1,354**	**106,788**	**78**	**(28,397)**	**271,881**	**351,704**	**16,833**	**368,537**
Profit for the period					**73,930**	**73,930**	**3,519**	**77,449**
Exchange rate differences				**7,539**		**7,539**	**2,058**	**9,597**
Effective portion of changes in fair value of cash flow hedges			**(4,021)**			**(4,021)**		**(4,021)**
Other comprehensive income			**(4,021)**	**7,539**		**3,518**	**2,058**	**5,576**
Total comprehensive income for the period			**(4,021)**	**7,539**	**73,930**	**77,448**	**5,577**	**83,025**
Transactions with owners of the Company								
Dividends to shareholders					**(29,867)**	**(29,867)**	**(2,279)**	**(32,146)**
Share-based compensation					**7,273**	**7,273**		**7,273**
Taxes related to share-based compensation					**1,034**	**1,034**		**1,034**
Purchase of own shares					**(18,671)**	**(18,671)**		**(18,671)**
Share options exercised					**5,044**	**5,044**		**5,044**
Purchase of non-controlling interests					**(1,165)**	**(1,165)**	**(1,736)**	**(2,901)**
Total transactions with owners of the Company					**(36,352)**	**(36,352)**	**(4,015)**	**(40,367)**
Balance at December 31, 2010	**1,354**	**106,788**	**(3,943)**	**(20,858)**	**309,459**	**392,800**	**18,395**	**411,195**

The notes on pages 72 to 107 are an integral part of these consolidated financial statements

Consolidated statement of cash flows for the year ended December 31

In EUR 1,000

Cash flows from operating activities	Note	2010	2009
Profit for the period		**77,449**	73,808
Adjustments for:			
Depreciation and amortization	*7,8*	**33,538**	31,653
Taxes on income	*30*	**34,584**	36,989
Net finance expense	*29*	**18,314**	3,637
Income from associates		**(689)**	(15)
		163,196	146,072
Share-based compensation	*18,25*	**7,273**	9,341
Sale of activities, net of cost			(1,879)
Change in operational derivatives		**4,650**	51
Settlement of operational derivatives	*13*	**(4,354)**	
Change in inventories		**60**	340
Change in receivables		**(27,607)**	73,060
Change in provisions		**(2,191)**	1,903
Change in billing in excess of costs		**(9,169)**	(30,220)
Change in current liabilities		**7,362**	12,088
Dividend received		**500**	288
Interest received		**3,476**	3,360
Interest paid		**(22,065)**	(16,213)
Corporate tax paid		**(29,337)**	(45,699)
Net cash flow from operating activities		**91,794**	152,492

Cash flows from investing activities			
Investments in (in)tangible assets	*7,8*	**(35,697)**	(26,307)
Proceeds from sale of (in)tangible assets	*7,8*	**2,116**	1,883
Investments in consolidated companies	*6*	**(40,187)**	(80,218)
Proceeds from sale of consolidated companies	*6*		1,763
Investments in associates and other investments	*9,10*	**(1,506)**	(6,342)
Proceeds from sale of associates and other investments	*9,10*	**201**	22
Investments in other non-current assets		**(8,883)**	(6,191)
Proceeds from (sale of) other non-current assets		**6,649**	3,111
Net cash flow used in investing activities		**(77,307)**	(112,279)

Cash flows from financing activities			
Proceeds from exercise of options	*18*	**5,044**	3,364
Proceeds from issue of shares	*18*		5,764
Purchase of own shares	*18*	**(18,671)**	
Settlement of financing derivatives	*13*	**(4,279)**	(5,615)
New long-term loans and borrowings		**25,527**	90,962
Repayment of long-term loans and borrowings		**(10,155)**	(16,867)
New short-term borrowings		**18,214**	18,430
Repayment of short-term borrowings		**(22,191)**	(9,152)
Dividend paid		**(32,146)**	(27,263)
Net cash flow from financing activities		**(38,657)**	59,623

Net change in cash and cash equivalents less bank overdrafts		**(24,170)**	99,836
Exchange rate differences		**9,850**	1,040
Cash and cash equivalents less bank overdrafts at January 1	*17*	**212,552**	111,676
Cash and cash equivalents less bank overdrafts at December 31	*17*	**198,232**	212,552

The notes on pages 72 to 107 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1 Reporting Entity

ARCADIS NV is a public company organized under Dutch law. Its principal office is located at: Gustav Mahlerplein 97 – 103, 1082 MS Amsterdam, the Netherlands. Phone: +31-20-2011011.

ARCADIS NV and its consolidated subsidiaries ("ARCADIS" or the "Company"), is an international provider of comprehensive knowledge-based consulting services in the areas of infrastructure, water, environment and buildings.

2 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and in conformity with the Dutch Civil Code, Book 2, Title 9. As the financial data of ARCADIS NV are included in the consolidated financial statements, the statement of income of ARCADIS NV is condensed in conformity with section 402 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements were authorized for issue by the Executive Board and Supervisory Board on March 4, 2011. The financial statements as presented in this report are subject to adoption by the General Meeting of Shareholders, to be held on May 18, 2011.

Basis of measurement

The consolidated financial statements have been prepared on historical cost basis, unless stated otherwise in the significant accounting policies. Exceptions to the historical cost basis include derivative financial instruments and share-based payment arrangements, which are measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in euro, which is the Company's reporting currency. All amounts shown in the financial statements are in thousands of euro unless otherwise stated.

Estimates and management judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The key accounting estimates and judgements in preparing the consolidated financial statements are explained in note 3. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Changes in accounting policies

Business combinations

From January 1, 2010, IFRS 3 *Business Combinations (2008)* became effective in accounting for business combinations, and as such has been applied prospectively. The change has no impact on earnings per share. Business combinations are accounted for using the purchase accounting method as at acquisition date, which is the date on which control is transferred to the Company.

For acquisitions on or after January 1, 2010, goodwill at acquisition date is measured as the fair value of the consideration transferred plus the recognized amount of any non-controlling interest in the acquiree less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed. When the fair value of the consideration is less than the fair value of the net assets acquired, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities incurred in connection with the business combination are expensed.

Contingent considerations payable are recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

For acquisitions between January 1, 2004 and January 1, 2010 goodwill represents the excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, whereby transaction cost incurred in connection with the business combination were capitalized as part of the cost of the acquisition. If the cost of the acquisition were lower than the fair value of the net assets acquired this difference was recognized immediately in profit or loss.

Acquisition of non-controlling interests

From January 1, 2010 the Company has applied IAS 27 *Consolidated and Separate Financial Statements (2008)* in accounting for the acquisition of non-controlling interests. The change has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and by all subsidiaries, except for the changes in accounting policies as described in note 2, which were applied prospectively.

Basis of consolidation

The consolidated financial statements include the accounts of ARCADIS NV and its subsidiaries, and the Company's interests in associates and jointly controlled entities. Subsidiaries are companies over which ARCADIS NV has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

Jointly controlled entities are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. The consolidated financial statements include the Company's proportionate share of the entities' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases. The calculation is based on the ARCADIS' accounting principles.

Associates are those entities in which ARCADIS has significant influence, but no control over the financial and operating policies. Significant influence is presumed to exist when ARCADIS holds between 20 and 50 percent of the voting power of the entity. The consolidated financial statements include the Company's share of the income and expenses of the associates, whereby calculation is based on ARCADIS' accounting principles.

Loss of control

Upon the loss of control, the assets and liabilities, non-controlling interests and other components of equity related to the subsidiary are derecognized. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If a non-controlling interest in the subsidiary is retained, such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset, depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of entities using the foreign exchange rate at transaction date. The functional currency of the foreign entities in general is the local currency. Assets and liabilities denominated in foreign currencies are translated to the functional currency of the entity using the exchange rates at balance sheet date. Exchange rate differences are included in profit or loss.

Foreign operations

The statements of income of foreign operations are translated into euros using average exchange rates, approximating the foreign exchange rates at transaction date. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euros at exchange rates at the reporting date.
Foreign currency differences are recognized in other comprehensive income, and presented in the translation reserve in equity. For subsidiaries not wholly owned, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

Financial Instruments

Non-derivative financial assets

Financial assets include trade and other receivables, cash and cash equivalents and loans and borrowings. Loans and receivables, and deposits are recognized on the date they are originated. All other financial assets are recognized initially on trade date. These non-derivative financial instruments are initially recognized at fair value. Subsequently, these are measured at amortized cost, using the effective interest method, less any impairment losses.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or if the contractual rights to the cash flows are transferred in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis, or to realize the asset and the liability simultaneously.

The company recognizes the following classes of non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the purchase and sale decisions are based on fair value in accordance with the Company's risk management and investment strategy. The assets are measured at fair value, and the changes in fair value are recognized in profit or loss. Attributable transaction costs are recognized in profit or loss as incurred.

Financial assets available for sale
Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition these are measured at fair value in other comprehensive income and presented in the fair value reserve in equity, unless the fair value cannot be determined reliably. In such a case, the investment is carried at cost. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments, not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequently these assets are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Other receivables
Other receivables are measured at amortized cost less any impairment losses.

Financial liabilities
Debt securities issued and subordinated liabilities are recognized on the date they are originated. All other financial liabilities are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Non-derivative financial liabilities include loans and borrowings, bank overdrafts and trade and other payables. Initially these liabilities are recognized at fair value plus directly attributable transaction costs. Subsequently these financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the balance sheet only when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Bankoverdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Derivative financial instruments
Derivative financial instruments include forward exchange rate contracts and interest rate derivatives. The Company only uses derivative financial instruments for specific purposes in order to hedge the exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

All derivative financial instruments are recognized initially at fair value. Attributable transaction costs are recognized in profit or loss when incurred. Subsequently, derivatives are measured at fair value, with the fair value changes recognized in profit or loss, unless hedge accounting is applied. The gain or loss on re-measurement to fair value of the interest rate related derivatives is recognized in profit or loss under financing expenses. The fair value changes of forward exchange contracts are recognized in operating income. The values of the derivatives are recognized on the balance sheet as derivatives, which can be classified as current or non-current, depending on the maturity of the contracts.

For a cash flow hedge or a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss. In specific cases hedge accounting is applied for cash flow hedges. In that case, the effective part of the fair value changes is deferred in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is released to the related specific lines in profit or loss or balance sheet at the same time as the hedged cash flows affect profit or loss. Any ineffective portion of changes in the fair value of the derivatives is included in profit or loss immediately.

At inception of the hedge, the relationship between the hedging instrument and the hedged item is documented, and in case of hedge-accounting the methods that will be used to assess the effectiveness of the hedge. Both at the hedge inception and at each reporting date, the Company makes an assessment whether the derivatives used are highly effective in offsetting changes in fair values or cash flows of hedged items, and whether the actual results of each hedge are within a range of 80 – 125 percent. When a derivative is not highly effective, hedge accounting is discontinued prospectively. When a cash flow hedge relationship is terminated, the fair value changes deferred in equity are released to profit or loss only when the hedged transaction is no longer expected to occur. Otherwise these will be released to profit or loss at the same time as the hedged item.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. All acquisitions are accounted for by applying the purchase accounting method. Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss. Goodwill has an indefinite useful life and is annually tested for impairment.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill in respect of equity accounted associates is included in the carrying amount of the investment.

Goodwill is only recognized for acquisitions on or after January 1, 2003, since the Company elected as part of its transition to IFRS to restate only those business combinations that occurred on or after January 1, 2003.

Software

Software is measured at cost less accumulated amortization and impairment losses. Software has a finite life and is amortized on a straight-line basis over the estimated useful life, which is 3 to 5 years. The amortization methods and useful lives, as well as residual values, are reassessed annually.

Subsequent costs are recognized in the carrying amount of software only when it increases the future economic benefits. All other expenditures are recognized in profit or loss as incurred.

Other intangible assets

Other intangible assets, mainly consisting of expected profits in the backlog of the acquired companies at the moment of acquisition, are measured at cost less accumulated amortization and impairment losses.

Initially these other intangible assets are recognized at the fair value at the moment of acquisition. Subsequently they are amortized over the estimated useful life, which varies from 0.5 to 5 years. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The amortization methods and useful lives, as well as residual values, are reassessed annually.

Property, plant & equipment

Property, plant & equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are recognized in the carrying amount of property, plant & equipment if it is probable that future economic benefits will be obtained. The costs of day-to-day servicing of property, plant & equipment are expensed as incurred.

Depreciation, based on the cost of an asset less its residual value, is recognized in profit or loss on a straight-line basis over the estimated useful lives. The estimated useful life of buildings ranges from 30 to 40 years, for furniture and fixtures this varies from 3 to 8 years. Land is not depreciated. Depreciation methods and useful lives, as well as residual values, are reassessed annually.

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

Gains and losses on the sale of an item of property, plant & equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognized net within other income in the statement of income.

Leased assets

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as financial leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Leased assets are depreciated over the shorter of the lease term and their useful live unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Other leases are operating leases, and such leased assets are not recognized on the Company's balance sheet.

Investments in associates and jointly controlled entities

Associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. Initially investments in associates are recognized at cost, including transaction cost. Goodwill identified on the acquisition of the associate is included in the carrying amount of the investment.

The consolidated financial statements include ARCADIS' share of the profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies with those of ARCADIS. When the share of losses exceeds the interest in an associate, the carrying amount is reduced to zero, and recognition of further losses is discontinued unless ARCADIS has an obligation or has made payments on behalf of the investee.

Jointly controlled companies are proportionally consolidated, whereby the calculation is based on the ARCADIS accounting principles.

Loans to associates and joint ventures are carried at amortized cost less any impairment losses.

Deferred taxes

Deferred tax assets and liabilities are recognized on the balance sheet, providing for temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on enacted or substantially enacted tax rates and tax laws at reporting date. Deferred tax assets for unused tax losses, tax credits and deductible temporary differences are only recognized when it is probable that there will be future taxable profits against which to settle the temporary differences or not-yet-compensated taxable losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred taxes are not discounted. Deferred taxes are not recognized for the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting, nor taxable profit, and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

For share-based payments, the deferred tax is determined based on the manner in which the award is expected to be settled and in accordance with applicable tax legislation. The information used in estimating the deductions available in future periods is consistent with the information used to determine the share-based payment expense. If the estimated future tax deduction exceeds the amount of the related cumulative share-based payment expense, the excess of the associated income tax is recognized directly in equity.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories is based on the first in – first out principle, and comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to the present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(Un)billed receivables

Unbilled receivables represent the gross unbilled amount expected to be collected from customers for contract work performed to date. Unbilled receivables are measured at cost plus profit recognized to date less progress billings and a provision for foreseeable losses. Cost includes all expenditures related directly to specific projects and direct attributable overhead incurred in the Company's contract activities based on normal operating capacity. Billed receivables are measured at amortized cost less any impairment losses. If payments received from customers exceed the cost incurred plus profits recognized, the difference is presented as deferred income (billings in excess of cost) in the balance sheet.

Assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or employee benefit assets, which continue to be measured in accordance with the Group accounting policies. Impairment loss on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. For cash flow purposes bank overdrafts are included in cash and cash equivalents.

Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction of equity, net of any tax effects.

Priority shares and preference shares are classified as equity since these are non-redeemable, or only redeemable at the Company's option. Dividends on these shares are recognized as distributions within equity upon approval by the Company's shareholders.

Repurchase of shares

When share capital is repurchased in order to prevent dilution as a result of the share option plan, the consideration paid, including directly attributable costs net of any tax effects, is deducted from equity. Repurchased shares are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from retained earnings.

Dividends
Dividends are recognized as a liability in the period in which they are declared.

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, a reliable estimate can be made of the amount of the obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at net present value, taking into account the timing of the cash outflows. The discount rate reflects the current market assessments of the time value of money and the risks specific to the liability. Unwinding of the discount is recognized as a finance expense.

Employee benefits

Pensions
Most pension plans within ARCADIS qualify as a defined contribution plan. The Company pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution plans are recognized as a cost in profit or loss in the period during which services are rendered by employees.

In some countries, minor plans exist that qualify as defined benefit plans. For these minor defined benefit plans, a provision is created, based on actuarial calculations. The net obligation related to these defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The estimated benefit is discounted to determine its present value, and any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit, the recognized asset is limited to the net total of any unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Actuarial gains and losses are recognized to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets. That portion is recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan.

Other long-term employee benefits
The Company's net obligation for long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value of any related assets that are deducted. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise.

Short-term employee benefits
Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if a present legal or constructive obligation to pay these amounts exists as a result of past services provided by the employees, and the obligation can be estimated reliably.

Share-based payment transactions
Within ARCADIS, equity-settled share-based compensation plans exist. The grant date fair value of share-based payments under the ARCADIS long-term incentive plan is recognized as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options and shares. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as expense is based on the actual number of awards meeting these conditions at vesting date.

The fair value of the granted options is determined using the binomial model taking into account the effect of the applications. The cost charged will be adjusted for the actual number of share-based incentives that are forfeited. The vesting and exercise of shares may be conditional on the satisfaction of performance conditions or on continued employment, or both, as set by the Supervisory Board.

Loans and borrowings

Interest-bearing debts are measured at amortized cost, in which the difference between the proceeds and the final repayment amount is charged to profit or loss over the duration of the debts. The portion of long-term debt that has to be repaid within one year after the balance sheet date is presented as the current portion of long-term debt under current liabilities.

Impairment

The carrying amounts of the assets of ARCADIS, other than work in progress and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

Receivables are first individually assessed for impairment, and if they are found not to be impaired they are collectively assessed for impairment. In the collective impairment testing receivables with similar risk characteristics are grouped together, and historical trends of the Company and management judgement are used to assess an impairment.

For goodwill and assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date.

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing the value in use, estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized with regard to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss of goodwill is not reversed. Regarding other assets, an impairment loss can be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Revenue

Services

Revenue from services rendered is recognized in profit or loss if the outcome of the transaction can be estimated reliably. The outcome of a transaction can be estimated reliably when both the amount of revenue and the cost incurred to date and to complete the transaction can be estimated reliably, it is probable that the economic benefits associated with the transaction will be collected, and the stage of completion can be measured.

Revenue is recognized in proportion to the percentage of completion of the transaction at reporting date.
The stage of completion for revenues from services is determined as a percentage of the contract costs incurred in relation to the total estimated contract costs (input measure), and are only recognized to the extent of costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the percentage of completion of the contract.

The percentage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

The balances of cost incurred and invoices sent for projects for which no order-confirmation has been received at balance sheet date are recognized in profit or loss.

Advance investments that can be identified separately, measured reliably and are attributable to design, build, finance and operate contracts are accounted for as contract costs only when it is probable that the contract will be obtained. Advance investments in the development of a contract that do not meet these criteria are expensed. It is only considered probable that a design, build, finance and operate contract will be obtained upon receipt of a contract signed by the client.

Other revenues

Other revenues relate to activities which are not included under construction contracts and services, for example sale of licenses, and assets specifically related to project work. These revenues are recognized once the significant risks and rewards have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with these items.

Carbon credits

The number of carbon credits produced is formally confirmed by verification reports from external parties. Only after these verification reports have been issued, the exact number of carbon credits that can be delivered to other parties is known. Revenue from the production of carbon credits is recognized at the moment all risks and rewards have been transferred to the buyer. Generally this is the case once the verification reports have been issued and formal delivery by crediting the buyer's account for carbon credits took place.

Materials, services of third parties and subcontractors

Under materials, services of third parties and subcontracts project-related costs of materials and services charged by third parties, including the costs of subcontractors, are recognized.

Sale of investments

When the sale of a subsidiary classified as a continued operation, a jointly controlled entity or an associate leads to a gain, this gain is recognized separately as part of other income. A loss is recorded under other operational costs. In some instances, the sale of associates is considered to be part of the normal business strategy. This is specifically for associates related to energy-projects within ARCADIS Logos. If this is the case, the net capital gain is recognized as revenue.

Operational costs

All employee-related cost as well as non-project-related out-of-pocket expenses, are recognized as operational cost as incurred.

Net finance expense

The net finance expense comprises finance income, finance expense and the fair value change of derivatives at fair value through profit and loss. Financing income comprises interest income on funds invested and financing expense comprise interest expense on borrowings, and the unwinding of discount on provisions and contingent consideration. Finance income and finance expenses are recognized in profit or loss as it accrues, using the effective interest method. The fair value changes of derivatives comprises the fair value changes on financial assets at fair value through profit or loss, as far as these relate to financing items in the Company. These fair value changes are partially offset by the foreign currency gains and losses.

Foreign currency gains and losses are reported on a net basis as either finance income or finance expense if it concerns exchange rate results on financing items. Exchange rate results on operating items are included in other business cost.

Income from associates

ARCADIS' share in earnings from associates is recognized in profit or loss. For investments at cost in which ARCADIS does not have significant influence, only dividends received are included in income.

Income taxes

Income taxes comprise both current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to business combinations or to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using enacted or substantially enacted tax rates at the reporting date, and any adjustments to tax payable related to previous years.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares outstanding during the period, excluding the temporarily repurchased shares used to cover option plans. Diluted earnings per share is calculated using the weighted average number of shares and options outstanding during the period as far as these have a potential dilutive effect, e.g. as the exercise price of these options is lower than the share price.

Cash flow statement

The cash flow statements have been prepared using the indirect method. Cash flows in foreign currencies have been translated at average exchange rates. Exchange rate differences on cash items are shown separately in the cash flow statements. Receipts and payments with respect to income tax are included in the cash flow from operating activities. Interest payments and receipts are included in cash flows from operating activities. The cost of acquisition of subsidiaries, associates and joint ventures, and other investments, insofar as it was paid for in cash, is included in cash flows from investing activities. Acquisitions or divestments of subsidiaries are presented net of cash balances acquired or disposed of, respectively. Cash flows from derivatives are recognized in the statement of cash flows in the same category as those of the hedged item.

Segment reporting

The operating segment reporting follows the internal reporting used by the chief decision-maker to manage the business, assess the performance and to allocate the resources. The Company is operated on a geographic basis and considers those geographical areas with economic and operating similarities to be separate primary operating segments. The Company mainly operates in a local-to-local market; therefore risks and rates of returns are reflected predominantly by the geographical market. Management reporting systems, legal structures and consolidation are largely based on geographic segments. The differentiation in the type of services provided by the various group companies is limited. These services extend in general to consulting, engineering and project management services.

Performance is mainly measured based on EBITA (earnings before interest, tax, and amortization of identifiable intangible assets). Management believes this is the most relevant measure in evaluating the operating results of the segments.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Determination of fair values and management judgments

Property, Plant & Equipment

Measurement of property, plant & equipment involves the use of estimates for determining the fair value of property, plant & equipment acquired in a business combination. The fair value of property, plant & equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between willing parties in an arm's length transaction. The market value of items of plant, equipment, fixtures and furniture is based on the market prices for similar items.

Intangible assets

Measurement of intangible assets acquired in a business combination involves the use of estimates for determining the fair value at acquisition date. This mainly relates to the expected profits in the backlog of the acquired companies at the moment of acquisition. The fair value is based on discounted cash flows expected to be received from these identifiable intangible assets.

Impairments of property, plant & equipment and intangible assets

The determination of impairments of property, plant & equipment and intangible assets involves the use of estimates.

The recoverable amount is determined by discounting the estimated future cash flows to present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of the fair value for the assets requires management to make significant judgements, specifically for the estimation of cash flows.

Revenue recognition
For construction contracts and part of the service contracts revenue is recognized based upon percentage of completion. In determining the percentage of completion estimates of project management are used to assess the progress of the project and the estimated outcome. The estimates influence the timing of revenue recognition.

(Un)billed receivables
The fair value of (un)billed receivables is estimated as the present value of future cash flows, discounted at the applicable market rate of interest at the reporting date.

Derivative financial instruments
The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current credit worthiness of the swap counterparties, and is based on broker quotes. The fair value of forward exchange contracts is based on quoted market prices at the balance sheet date, being the present value of the quoted forward price. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the term and maturity of the contract, using market interest rates.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the company specific market rate of interest at reporting date.

Share-based payment transactions
The fair value of share-based payment transactions is measured using a binomial model. Measurement inputs include the share price on measurement date, exercise price of the instrument, the expected volatility, weighted average expected life of the instrument and the risk-free interest rate.

New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the Consolidated financial statements of the Group, except for IFRS 9 *Financial Instruments,* which becomes mandatory for the Group's 2013 consolidated financial statements. This standard introduces certain new requirements for classifying and measuring financial assets and liabilities. IFRS 9 divides all financial assets that are currently in scope of IAS 39 into two classifications, those measured at amortized cost and those measured at fair value. The standard is also proposed to be expanded for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge-accounting. The standard has not yet been endorsed by the EU. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

Revised IAS 24 *Related Parties Disclosures*, simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Company will apply IAS 24 (revised) from January 1, 2011 onwards. The change only has an impact on disclosures.

In May 2010, the *Improvements to IFRSs 2010* were issued, a collection of amendments to various International Financial Reporting Standards, as part of the annual improvements program. The amendments resulting from this standard mainly have effective dates for annual periods beginning on or after January 1, 2011. The improvements are not expected to have a material impact on the Company's Consolidated financial statements.

4 Segment information

The company has four reportable segments, which are based on the reporting structure of the Company to the Board of Management. The information management uses to monitor progress and for decision making about operational matters is at operating company level and as such, the segments are based on the operational companies. Based on qualitative and quantitative measures the operating company information is aggregated, adding up operating companies which are active in a similar economic environment. This results in geographical segmenting, as disclosed below.

The most important performance measure is EBITA, as management believes this is key in evaluating the results of the segments relative to other entities that operate within the same industry. Inter-segment pricing is determined on an arm's length basis.

	The Netherlands		Europe excluding the Netherlands		United States		Rest of World		Eliminations		Total Segments		Corporate and unallocated amounts		Total Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
External Gross revenue	401.1	422.7	316.4	324.4	1,093.5	883.0	191.8	155.7			2,002.8	1,785.8			2,002.8	1,785.8
Intersegment	3.6	1.7	2.6	2.8	1.1	1.0	0.4	0.2	(7.7)	(5.7)	-	-			-	-
Total revenue	404.7	424.4	319.0	327.2	1,094.6	884.0	192.2	155.9	(7.7)	(5.7)	2,002.8	1,785.8			2,002.8	1,785.8
Materials, third parties and sub-contracting	121.8	136.2	63.0	61.1	365.9	292.5	85.1	84.1	(7.7)	(5.7)	628.1	568.2			628.1	568.2
Net revenue	282.9	288.2	256.0	266.1	728.7	591.5	107.1	71.8			1,374.7	1,217.6			1,374.7	1,217.6
Operating costs	250.2	251.2	238.2	245.9	632.7	511.7	85.8	61.0			1,206.9	1,069.8	4.9	3.4	1,211.8	1,073.2
Other income	0.1	0.3	0.1	1.0	0.1						0.3	1.3		0.4	0.3	1.7
Depreciation	5.6	5.4	5.9	5.1	12.5	11.9	2.9	1.9			26.9	24.3	0.4	0.2	27.3	24.5
EBITA	27.2	31.9	12.0	16.1	83.6	67.9	18.4	8.9			141.2	124.8	(5.3)	(3.2)	135.9	121.6
Amortization identifiable intangible assets	0.2	0.2	0.9	1.2	5.1	5.5	0.1	0.1			6.3	7.0		0.2	6.3	7.2
Operating income	27.0	31.7	11.1	14.9	78.5	62.4	18.3	8.8			134.9	117.8	(5.3)	(3.4)	129.6	114.4
Net finance expense	0.1	(0.7)	3.4	(0.2)	(16.9)	(3.8)	(6.3)	(2.0)			(19.7)	(6.7)	1.4	3.1	(18.3)	(3.6)
Segment profit before tax	27.1	31.0	14.5	14.7	61.6	58.6	12.0	6.8			115.2	111.1	(3.9)	(0.3)	111.3	110.8
Income from associates		0.3	0.3	0.1				(0.5)			0.3	(0.1)	0.4	0.1	0.7	-
Taxes	(6.2)	(8.5)	(2.2)	(4.8)	(22.8)	(21.5)	(3.4)	(2.2)			(34.6)	(37.0)			(34.6)	(37.0)
Profit for the period	20.9	22.8	12.6	10.0	38.8	37.1	8.6	4.1			80.9	74.0	(3.5)	(0.2)	77.4	73.8
Non-controlling interest				0.5			(3.5)	(1.5)			(3.5)	(1.0)			(3.5)	(1.0)
Net income	20.9	22.8	12.6	10.5	38.8	37.1	5.1	2.6			77.4	73.0	(3.5)	(0.2)	73.9	72.8
EBITA on recurring basis	27.2	31.9	12.0	16.1	83.6	70.1	18.4	8.9			141.2	127.0	(5.3)	(3.2)	135.9	123.8
Net income from operations	21.1	23.4	13.6	12.1	41.9	42.3	5.1	3.1			81.7	80.9	(3.3)	(6.6)	78.4	74.3
Total Assets	216.1	224.6	281.5	273.1	693.2	590.4	151.3	108.0			1,342.1	1,196.1	82.4	119.1	1,424.5	1,315.2
Investments in associates	0.7	1.2	0.9	0.7	0.1	0.1	28.3	23.9			30.0	25.9	0.5	0.3	30.5	26.2
Other financial assets	0.2	0.3	1.4	1.3	13.2	12.5	9.9	7.6			24.7	21.7		(0.5)	24.7	21.2
Total Liabilities	136.0	141.4	118.7	118.7	594.9	597.4	83.4	66.1			933.0	923.6	80.3	23.0	1,013.3	946.6
Total capital expenditures	6.5	4.7	4.6	5.2	13.1	10.6	10.5	5.1			34.7	25.6	1.0	0.7	35.7	26.3
Total number of employees	2,984	2,958	3,509	3,523	6,178	6,071	2,238	1,675			14,909	14,227	54	60	14,963	14,287

Operating companies are active in four main area's: infrastructure, water, environment and buildings. For more information on the activities performed in these four main area's reference is made to the annual report.

Geographical information only differs from the segment information above because of the activities of RTKL, which geographically is also represented in Europe and Rest of the World, and APS, which through APS Gulf is also represented in Rest of the World. The geographical information is as follows:

	Net revenues by origin		Non-current assets*	
	2010	2009	2010	2009
The Netherlands	282.8	288.2	118.4	115.0
Europe excluding the Netherlands	264.5	271.4	65.4	64.0
United States	712.3	578.9	243.1	220.4
Rest of World	115.1	79.1	39.9	28.1
Total	**1,374.7**	1,217.6	**466.8**	427.5

*excluding financial instruments and deferred tax assets

5 Group companies

In accordance with articles 379 and 414, Book 2 of the Dutch Civil Code, the list of subsidiaries and associates is filed with the Chamber of Commerce in Arnhem.

Consolidated interests

The main consolidated companies are listed below, stating the country in which they are domiciled, if outside the Netherlands, and the percentage of ownership.

ARCADIS Nederland Holding BV, (100%) *Arnhem*
ARCADIS Aqumen Facility Management BV, (50%) *Arnhem*
ARCADIS U.S. Inc., (100%) *Denver, Colorado, United States*
RTKL Associates Inc., (100%) *Baltimore, Maryland, United States*
Malcolm Pirnie Inc., (100%) *White Plains, New York, United States*
ARCADIS Belgium Holding NV, (100%) *Deurne, Belgium*
ARCADIS Deutschland GmbH, (100%) *Darmstadt, Germany*
ARCADIS Holding France S.A.S., (100%) *Paris, France*
ARCADIS UK Ltd, (100%) *London, United Kingdom*
ARCADIS Sp. z.o.o., (100%) *Warsaw, Poland*
ARCADIS CZ a.s., (100%) *Prague, Czech Republic*
ARCADIS SET S.r.l., (100%) *Appiano sulla Strada del Vino, Italy*
ARCADIS Geotecnica SA, (100%) *Santiago, Chile*
ARCADIS Logos Ltda., (50% + 1 share) *São Paulo, Brazil*

6 Changes in consolidated interests

Business combinations

During 2010, the following changes in consolidated interests took place:

Per January 1, 2010 ARCADIS Nederland Holding BV acquired 100% of the shares of Plan & Projectpartners, a Dutch real estate consultancy firm primarily active in the healthcare field. Per January 7, 2010 ARCADIS CZ acquired the engineering consultancy Bohemiaplan in the Czech Republic.
Per September 1, 2010, RTKL acquired 100% of the shares of AHS International, a Beijing-based architecture practice that specializes in hospital, laboratory and medical facility design. On December 17, 2010, ARCADIS U.S. Inc acquired 100% of the shares of Rise International L.L.C., a Chicago based program and project management consulting firm that serves clients across a broad range of sectors.

None of the acquisitions entered into in 2010 are considered to be individually significant.

The acquisitions contributed € 3.5 million to annual gross revenue in 2010, while the contribution to the consolidated profit for the period was nil. If these acquisitions had occurred on January 1, 2010, management estimates that the consolidated gross revenue would have been € 2,035.6 million and the consolidated profit for the period would have been € 78.0 million.

The total investment in acquisitions in 2010 was € 22.0 million, including goodwill of € 10.0 million. Consideration transferred consisted of € 16.0 million in cash, and € 4.0 million deferred consideration.

The goodwill recognized in the financial statements relates to the workforce of the companies acquired and the synergies expected from the business combinations. Goodwill related to the acquisition of AHS International is expected to be tax-deductible for income tax purposes. Goodwill changed as a result of acquisitions and adjustments on after-payments and acquisition accounting as follows:

Goodwill on acquisitions in 2010	9,888
Adjustments due to after-payments and acquisition accounting	148
Total Goodwill	**10,036**

The total change in goodwill was assigned to our geographic segments as follows:

Goodwill per geographic segment	
The Netherlands	55
Europe excluding the Netherlands	2,607
United States	6,699
Rest of World	675
Total Goodwill	**10,036**

For some acquisitions the purchase accounting is included on a provisional basis, due to the fact that the underlying details for the determination of the fair value of assets and liabilities at acquisition date were not completely available before the issuance of these consolidated financial statements. For the same reason some smaller adjustments on previous purchase accountings were included in the 2010 figures, which can be derived from the table below.

The acquisitions and divestments had the following effect on assets and liabilities at December 31, 2010:

	Acquisitions				Total
	Pre-acquisition carrying amount	Fair value adjustments	Recognized values on acquisition	Adjustments previous PPA	
Assets					
Non-current assets					
Intangible assets	4	5,229	5,233	72	5,305
Property, plant & equipment	1,080		1,080	(132)	948
Other non-current assets	207		207	(19)	188
Deferred tax assets			-	(6)	(6)
Total non-current assets	**1,291**	**5,229**	**6,520**	**(85)**	**6,435**
Current assets					
(Un)billed receivables	6,715		6,715	(7)	6,708
Other current assets	255		255		255
Corporate tax asset				(3)	(3)
Cash and cash equivalents	2,065		2,065	(8)	2,057
Total current assets	**9,035**		**9,035**	**(18)**	**9,017**
Total assets	**10,326**	**5,229**	**15,555**	**(103)**	**15,452**
Non-controlling interest	**(1,040)**		**(1,040)**		**(1,040)**
Liabilities					
Non-current liabilities					
Deferred tax liabilities	6	107	113	245	358
Loans and borrowings				(90)	(90)
Total non-current liabilities	**6**	**107**	**113**	**155**	**268**
Current liabilities					
Billing in excess of cost	241		241		241
Corporate tax liabilities	212		212		212
Trade and other liabilities	5,830		5,830	(180)	5,650
Total current liabilities	**6,283**		**6,283**	**(180)**	**6,103**
Total liabilities	**5,249**	**107**	**5,356**	**(25)**	**5,331**
Total net asset value			**10,199**	**(78)**	**10,121**
Recorded goodwill			9,888	148	10,036
Recognized directly in equity			1,861		1,861
Consideration paid			**21,948**	**70**	**22,018**
After-payments unpaid			(3,573)		(3,573)
Cash (acquired) / disposed			(2,065)	8	(2,057)
Net cash outflow related to 2010 transactions			**16,310**	**78**	**16,388**
After-payments related to earlier acquisitions			23,799		23,799
Total net cash outflow / (inflow)			**40,109**	**78**	**40,187**

The total amount of contractual after-payments and earn outs for acquisitions is as follows:

	Contractual	Interest	Total 2010	Total 2009
Balance at January 1	29,072	1,234	30,306	12,407
Acquisitions	3,573		3,573	22,192
Interest accrual		1,570	1,570	1,136
Payments / Redemptions	(23,799)	(2,769)	(26,568)	(5,023)
Exchange rate differences	2,282	92	2,374	(406)
Balance at December 31	**11,128**	**127**	**11,255**	30,306

Of the total amount of after-payments € 4.7 million is included under loans and borrowings as other long term debt, while € 6.6 million (due within one year) is included under other current liabilities.

During 2009, the following changes in consolidated interests took place:

Per February 1, 2009 ARCADIS Nederland Holding BV acquired 100% of the shares of ReGister, a Dutch environmental services company.
Per July 9, 2009, ARCADIS U.S. Inc. merged with the White Plains, New York based company Malcolm Pirnie Inc., active in water and environmental consulting and engineering.
Per November 6, 2009 ARCADIS Logos Ltda. increased its shareholding in the proportionally consolidated Brazil based company Biogas from 33.33% to 47.37%. Biogas is active in collecting and selling landfill gas. Additionally divestment of some smaller activities took place.

The acquisitions contributed € 134 million to annual gross revenue in 2009, of which € 132 million relates to Malcolm Pirnie. The contribution to the consolidated profit for the period amounted to € 4 million, which is excluding financing expenses related to these acquisitions and after net amortization of identifiable intangible assets of € 3 million (Malcolm Pirnie € 3 million). If the acquisitions had occurred on January 1, 2009, management estimates that the consolidated gross revenue would have been € 1,934.8 million and the consolidated profit for the period, excluding financing expenses related to the acquisitions and after amortization of identifiable intangible assets, would have been € 76.8 million.

The total investment in acquisitions in 2009 was € 168 million, including goodwill of € 90 million. The goodwill related to the Malcolm Pirnie acquisition is expected to be deductible for income tax purposes. Consideration transferred consisted of € 75 million in cash, € 65 million in equity instruments and € 21 million deferred consideration.

The fair value of the ordinary shares issued was based on the listed closing share price of ARCADIS NV at July 9, 2009 of € 12.53 per share.

Deferred consideration for Malcolm Pirnie of € 21 million relates to a 36-month indemnity period. The retention is not held in escrow. This retention will function as security for the indemnification for the representations and warranties provided by the selling shareholders. The deferred consideration will be paid, plus accrued interest, and net of resolved claims, plus pending and unresolved claims in tranches in the period between December 2010 and July 2012.

The goodwill recognized in the financial statements relates to the workforce of the companies acquired and the synergies expected from the business combinations. Goodwill changed as a result of acquisitions and adjustments on after-payments and acquisition accounting as follows:

Goodwill on acquisitions in 2009	90,141
Adjustments due to after-payments and acquisition accounting	2,325
Total Goodwill	92,466

The total change in goodwill was assigned to our geographic segments as follows:

Goodwill per geographic segment

The Netherlands	458
Europe excluding the Netherlands	2,330
United States	89,061
Rest of World	617
Total Goodwill	92,466

For some acquisitions the purchase accounting is included on a provisional basis, due to the fact that the underlying details for the determination of the fair value of assets and liabilities at acquisition date were not completely available before the issuance of this annual report. For the same reason some smaller adjustments on previous purchase accountings were included in the 2009 figures, which can be derived from the table below.

The acquisitions and divestments had the following effect on assets and liabilities per December 31, 2009:

			Malcolm Pirnie	Other acquisitions		Divestments	Total
	Pre-acquisition carrying amount	Fair value adjustments	Recognized values on acquisition	Recognized values on acquisition	Adjustments previous PPA	Recognized values on moment of divestment	Recognized values on acquisition
Assets							
Non-current assets							
Intangible assets	4,960	7,080	12,040	52	(2,053)	(9)	10,030
Property, plant & equipment	9,044		9,044	5,535	(2)	(485)	14,092
Other non-current assets	555		555	785	(338)		1,002
Deferred tax assets	1,932	1,450	3,382	247	(27)		3,602
Total non-current assets	16,491	8,530	25,021	6,619	(2,420)	(494)	28,726
Current assets							
Inventories							
(Un)billed receivables	93,127	(2,555)	90,572	387	115	(842)	90,232
Other current assets	3,708		3,708	30		144	3,882
Corporate tax asset				62			62
Cash and cash equivalents				6,533		(7)	6,526
Total current assets	96,835	(2,555)	94,280	7,012	115	(705)	100,702
Total assets	113,326	5,975	119,301	13,631	(2,305)	(1,199)	129,428
Liabilities							
Non-current liabilities							
Provisions	1,947		1,947		(542)		1,405
Deferred tax liabilities				13	(324)		(311)
Loans and borrowings	397	(1)	396	3,767		(76)	4,087
Total non-current liabilities	2,344	(1)	2,343	3,780	(866)	(76)	5,181
Current liabilities							
Billing in excess of cost	8,849		8,849			(337)	8,512
Corporate tax liabilities	37	(1)	36	191			227
Bank overdrafts	424		424				424
Trade and other liabilities	35,867	1,077	36,944	2,853	111	(538)	39,370
Total current liabilities	45,177	1,076	46,253	3,044	111	(875)	48,533
Total liabilities	47,521	1,075	48,596	6,824	(755)	(951)	53,714
Total net asset value			70,705	6,807	(1,550)	(248)	75,714
Recorded goodwill			89,061	1,080	2,325		92,466
Book (gain) / loss						(1,522)	(1,522)
Consideration paid			159,766	7,887	775	(1,770)	166,658
Issued shares			(64,946)				(64,946)
After-payments unpaid			(21,384)	(50)	(758)		(22,192)
Cash (acquired) / disposed			424	(6,519)		7	(6,088)
Net cash outflow related to 2009 transactions			73,860	1,318	17	(1,763)	73,432
After-payments related to earlier acquisitions				5,023			5,023
Total net cash outflow / (inflow)			73,860	6,341	17	(1,763)	78,455

Acquisition of non-controlling interests

During 2010 the Company acquired the remaining shares of APS Gulf, ARCADIS Project Consulting Sp. Z.o.o., Geofos and acquired additional shares in ARCADIS Tetraplan. The carrying amount of the net assets in the Group financial statements at date of acquisition was € 2.0 million. The Company recognized a decrease in non-controlling interests of € 1.0 million and a decrease in retained earnings of € 1.9 million.

The effect of changes in the ownership interests of the above mentioned subsidiaries can be summarized as follows:

Ownership interest at the beginning of the year	**1,642**
Effect of increase in ownership interest	1,040
Share of comprehensive income	(208)
Ownership interest at the end of the year	**2,474**

7 Intangible assets

	Goodwill	Other intangible assets	Software	Total
Cost				
Balance at January 1, 2009	233,477	37,202	27,147	297,826
Acquisitions through business combinations	92,466	7,725	2,314	102,505
Investments			3,104	3,104
Divestments			(9)	(9)
Disposals			(1,552)	(1,552)
Exchange rate differences	(1,299)	182	232	(885)
Other changes			126	126
Balance at December 31, 2009	324,644	45,109	31,362	401,115
Balance at January 1, 2010	**324,644**	**45,109**	**31,362**	**401,115**
Acquisitions through business combinations	**10,036**	**5,301**	**4**	**15,341**
Investments			**7,489**	**7,489**
Transfer to assets held for sale			**(475)**	**(475)**
Disposals		**(593)**	**(400)**	**(993)**
Exchange rate differences	**18,335**	**2,796**	**1,318**	**22,449**
Other changes			**(281)**	**(281)**
Balance at December 31, 2010	**353,015**	**52,613**	**39,017**	**444,645**
Amortization and depreciation				
Balance at January 1, 2009		27,514	21,049	48,563
Amortization charge for the year		7,140	3,845	10,985
Disposals			(1,462)	(1,462)
Exchange rate differences		208	97	305
Other changes			33	33
Balance at December 31, 2009		34,862	23,562	58,424
Balance at January 1, 2010		**34,862**	**23,562**	**58,424**
Amortization charge for the year		**6,276**	**4,779**	**11,055**
Transfer to assets held for sale			**(81)**	**(81)**
Disposals		**(610)**	**(299)**	**(909)**
Exchange rate differences		**2,172**	**875**	**3,047**
Other changes			**(281)**	**(281)**
Balance at December 31, 2010		**42,700**	**28,555**	**71,255**
Carrying amounts				
At January 1, 2009	233,477	9,688	6,098	249,263
At December 31, 2009	324,644	10,247	7,800	342,691
At January 1, 2010	324,644	10,247	7,800	342,691
At December 31, 2010	**353,015**	**9,913**	**10,462**	**373,390**

The main part of the other intangible assets and software will be amortized within the coming 2 years. During 2010 and 2009, no changes were made in the useful lives, amortization methods and the residual values of the intangible assets.

The total goodwill capitalized was assigned to our geographic segments as follows:

	2010	2009
The Netherlands	**22,772**	22,717
Europe excluding the Netherlands	**71,735**	67,725
United States	**249,922**	227,250
Rest of world	**8,586**	6,952
Total goodwill	**353,015**	324,644

The goodwill in the United States relates to two cash-generating units, being RTKL (€ 53.3 million) and ARCADIS US (€ 196.6 million), while the goodwill in Europe, excluding the Netherlands, mainly relates to the cash-generating unit in the UK. The cash-generating units ARCADIS US and Malcolm Pirnie were integrated during 2010.

The amortization charge is recognized in the following line items in the statement of income:

	2010	2009
Amortization other intangible assets	6,276	7,140
Depreciation and amortization	4,779	3,845

Impairment testing for cash-generating units containing goodwill

The impairment test compares the carrying value of the cash-generating units with the recoverable amounts. The cash-generating unit is the lowest level within ARCADIS at which goodwill is monitored for internal management purposes. The recoverable value is determined based on a calculation of the value in use and compared to recent multiples of comparable activities on the stock exchange. Those calculations use cash flow projections based on actual operating results and forecasts for 2011 as approved by the Executive Board. Projections are extrapolated beyond this period using an appropriate perpetual growth rate that is consistent with the long-term average market growth rate and that typically does not exceed 3% (2009: 3%) in our calculations. The pre-tax discount rate used in discounting cash flows to their present value in order to determine the value in use is 11% (2009: 12%), and where applicable, a surcharge is added for specific country risks.

The pre-tax discount rate has been determined by iterative computation so that value in use determined using pre-tax cash flows and a pre-tax discount rate equals value in use determined using post-tax cash flows and a post-tax discount rate. The post-tax WACC used is 7% (2009: 8%), and where applicable, a surcharge is added for specific country risks.

The key assumptions used in the predictions are:
- Revenue growth: based on actual experience and market analysis;
- Margin development: based on historical performance, actual experience and management's long-term projections. The margins typically fall in a range between 8% and 13%.
- WACC: based on the company specific rates of return demanded from investors in the company, and based on the current leverage of the company.

The impairment test for cash-generating units containing goodwill performed in 2010 showed that the recoverable amount for each cash-generating unit exceeded the carrying amount and as such the test did not result in impairment.

Sensitivity to changes in assumptions

In the impairment test performed as described above headroom for all cash-generating units was sufficient. However, compared to previous years, the headroom for UK is more sensitive to the changes in assumptions. A reasonably possible change in any of the assumptions would not cause the carrying value to exceed the recoverable amount in any of the other cash generating units.

8 Property, plant & equipment

	Land and buildings	Furniture and fixtures	Total
Cost			
Balance at January 1, 2009	12,851	133,575	146,426
Acquisitions through business combinations	3,714	10,863	14,577
Investments	76	23,128	23,204
Divestments		(485)	(485)
Disposals	(218)	(7,467)	(7,685)
Exchange rate differences	2,595	1,294	3,889
Other changes	890	334	1,224
Balance at December 31, 2009	19,908	161,242	181,150
Balance at January 1, 2010	**19,908**	**161,242**	**181,150**
Acquisitions through business combinations	**(66)**	**1,014**	**948**
Investments	**7,057**	**21,151**	**28,208**
Disposals	**(988)**	**(26,688)**	**(27,676)**
Transfer to assets held for sale		**(2,646)**	**(2,646)**
Exchange rate differences	**2,585**	**7,529**	**10,114**
Other changes	**5,678**	**(5,036)**	**642**
Balance at December 31, 2010	**34,174**	**156,566**	**190,740**
Depreciation			
Balance at January 1, 2009	3,007	76,952	79,959
Depreciation charge for the year	936	19,732	20,668
Divestments			
Disposals	(21)	(6,227)	(6,248)
Exchange rate differences	380	285	665
Other changes	684	634	1,318
Balance at December 31, 2009	4,986	91,376	96,362
Balance at January 1, 2010	**4,986**	**91,376**	**96,362**
Depreciation charge for the year	**1,490**	**20,993**	**22,483**
Disposals	**(111)**	**(25,533)**	**(25,644)**
Transfer to assets held for sale		**(946)**	**(946)**
Exchange rate differences	**422**	**4,057**	**4,479**
Other changes	**106**	**536**	**642**
Balance at December 31, 2010	**6,893**	**90,483**	**97,376**
Carrying amounts			
At January 1, 2009	9,844	56,623	66,467
At December 31, 2009	14,922	69,866	84,788
At January 1, 2010	14,922	69,866	84,788
At December 31, 2010	**27,281**	**66,083**	**93,364**

During 2010, no changes were made in the useful lives, depreciation methods and the residual values of the property, plant & equipment.

At December 31, 2010, the carrying amount of tangible fixed assets financed by financial lease, was € 0.4 million (2009: € 0.7 million). Both at December 31, 2010 and December 31, 2009, no properties were registered as security for bank loans.

9 Investments in associates

	2010	2009
Balance at January 1	**26,221**	15,682
Equity share in income	**689**	15
Investments	**1,506**	6,632
Divestments	**(528)**	(468)
Received dividends	**(500)**	(288)
Other changes and exchange rate differences	**3,105**	4,648
Balance at December 31	**30,493**	26,221

Summary of financial information on the main equity-accounted associates on a 100% basis, in millions:

Associates	% of equity	Assets		Liabilities		Equity		Gross Revenue		Net income	
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Retiro Baixo Energetica	25.5	**191.8**	181.8	**94.0**	100.5	**97.8**	81.3	**16.8**	13.6	**0.2**	(0.2)
Geodynamique	42.7	**2.3**	1.9	**0.6**	0.5	**1.7**	1.4	**2.0**	1.8	**0.4**	0.3
Breitener Energética S.A.	5.5*	**470.9**	226.9	**412.4**	175.0	**58.5**	51.9	**94.3**	135.4	**0.1**	(8.1)
Towel & Arcadis LLC	50.0	**2.9**	2.4	**1.9**	1.8	**1.0**	0.6	**9.6**	5.5	**0.6**	0.4
Duo Flora	50.0	**1.5**	1.3	**1.0**	0.8	**0.5**	0.5	**4.2**	4.2	**(0.1)**	0.4
Bio Science park	50.0	**3.3**	3.3	**5.8**	3.3	**(2.5)**	0.0	**0.1**	-	**(0.5)**	-
VOF EMC Starc	35.0	**0.2**	0.2	**0.1**	0.1	**0.1**	0.1				0.3
VOF De Ploen	50.0	**0.3**	0.3	**0.0**	0.1	**0.3**	0.2	**0.1**	0.2	**0.1**	0.0

* This company is measured using the equity method, as ARCADIS has significant influence because the Company is represented on the board of directors and participates in policy making.

10 Other investments

	2010	2009
Available-for-sale financial assets measured at amortized cost		
Balance at January 1	**211**	204
Investments		10
Acquisitions/divestments	**(18)**	(4)
Other changes and exchange rate differences		1
Balance at December 31	**193**	211

The other investments relate to shareholdings in companies where ARCADIS has no significant influence. These are all measured at cost less impairment losses.

11 Other non-current assets

	2010	2009
Balance at January 1	**19,818**	14,801
Acquisitions/divestments	**189**	1,002
New receivables	**8,883**	5,892
Received	**(6,299)**	(2,661)
Other changes and exchange rate differences	**1,813**	784
Balance at December 31	**24,404**	19,818

Other non-current assets include long term receivables, amongst others related to energy projects and investments. Furthermore a receivable related to the deferred compensation plan in the United States is included. See note 20 for further details.

12 Inventories

	2010	2009
Raw materials and supplies	**419**	467
Balance at December 31	**419**	467

13 Derivatives

The value of derivatives held by the company per balance sheet date are reported in the table below:

	Asset		Liability		Total	
	2010	2009	2010	2009	2010	2009
Interest rate derivatives						
- current	**-**		**-**	-	**-**	-
- non-current		1,209	**(7,196)**	(843)	**(7,196)**	366
FX derivatives						
- current	**370**	102	**(3,857)**	(2,686)	**(3,487)**	(2,584)
- non-current	**86**	(2)		-	**86**	(2)
	456	1,309	**(11,053)**	(3,529)	**(10,597)**	(2,220)

During 2010 the Company kept $ 305 million of interest rate swaps to hedge interest rate risk on the $ 470 million long-term loans (2009: $ 450 million) and applied hedge accounting to these interest rate derivatives. The market value of these derivatives as at end 2010 was € 7.2 million negative (2009: € 0.4 million positive).

Also, during 2010 the Company hedged currency exposures related to transactions in currencies other than the functional currency in the UK, Poland, Germany, US and Chile by way of FX forward deals in order to minimise volatility in net income due to changes in exchange rates. In addition, foreign currency balance sheet positions arising due to foreign currency receivables and loan balances in the UK and Belgium were hedged by way of FX forward transactions.

Some subsidiaries have elected to apply hedge accounting allowing changes in the valuations of hedges to be posted to equity. Others have elected not to do so, and all related fair value changes are recognized immediately in profit or loss. Where entities wish to apply hedge accounting, Corporate Treasury has assisted these entities in terms of hedge documentation, derivatives valuations and effectiveness testing, with revaluation results being posted to equity. The changes in fair value of the derivatives are shown in the below table.

Change in value of derivatives	2010	2009
Balance at January 1	(2,220)	(12,974)
Fair value changes in statement of income	(9,762)	4,953
Fair value changes through Equity	(7,349)	322
Cash settlement derivatives	8,633	5,507
Exchange rate differences	101	(28)
Balance at December 31	(10,597)	(2,220)

The change in fair value of derivatives in profit or loss of € 9.8 million is compensated by foreign exchange results of € 9.3 million also flowing through profit or loss. Hence the overall profit and loss effect of FX contracts and derivatives amounts to € 0.5 million negative.

The total (after-tax) amount included in equity on the line hedging reserve amounted to a loss of € 3.9 million after tax, and related to the $ 305 million interest rate hedges and some FX transactions classified as cash flow hedges.

Equity	2010	2009
Interest rate derivatives	(4,158)	134
FX derivatives	215	(56)
	(3,943)	78

14 (Un)billed receivables

Includes items maturing within one year.

	2010	2009
Unbilled receivables	256,586	235,071
Trade receivables	370,618	358,957
Provision for bad debts	(40,303)	(45,159)
Receivables from associates	5,084	6,221
Total (un)billed receivables at December 31	591,985	555,090

The provision for bad debts has developed as follows:

	2010	2009
Balance at beginning January 1	45,159	21,907
Acquisitions/divestments	(9)	8,927
Additions charged to income	10,042	11,277
Release of unused amounts	(3,894)	(3,926)
Utilizations	(8,694)	(3,958)
Other changes	(4,241)	11,320
Exchange rate differences	1,940	(388)
Balance at December 31	40,303	45,159

The exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 34, Financial risk management.

Work in progress

Costs and estimated earnings on uncompleted service contracts and construction contracts are as follows:

	2010	2009
Cost incurred on uncompleted contracts and estimated earnings	4,206,260	3,576,192
Billings to date	(4,106,835)	(3,499,898)
Total work in progress at December 31	99,425	76,294

The majority of outstanding amounts are expected to be collected within one year.

	2010	2009
Cost incurred and estimated earnings in excess of billings	256,586	235,071
Billings in excess of costs incurred and estimated earnings	(157,161)	(158,777)
Balance at December 31	99,425	76,294

Amount of advances received	26,542	25,606
Amount of retentions held by clients	3,670	2,291

15 Other current assets

	2010	2009
Other receivables	18,712	13,095
Prepaid expenses	25,673	22,776
Balance at December 31	44,385	35,871

16 Assets and liabilities classified as held for sale

Part of the company's activities are classified as held for sale following the commitment of management to sell part of the activities. Efforts to sell the activities have commenced, and a sale is expected in the first half of 2011. Before classifying the assets as held for sale an impairment test was performed, but no impairment charges were recognized.

The assets and liabilities classified as held for sale can be specified as follows:

	2010
Assets classified as held for sale	
Intangible assets	394
Property, plant & equipment	1,700
(Unbilled) receivables	16,855
Other receivables	5,491
Total assets	24,440
Liabilities classified as held for sale	
Provisions	500
Corporate tax liabilities	193
Accounts payable	7,360
Other current liabilities	15,122
Total liabilities	23,175

17 Cash and cash equivalents

The Company's policy is to invest cash in excess of operating requirements in highly liquid investments. Cash and cash equivalents at December 31, 2010, and 2009 consisted of the following:

	2010	2009
Deposits	7,218	5,564
Cash in banks restricted for taxes/social premiums		6
Bank and cash	200,548	218,939
Balance at December 31	207,766	224,509
Bank overdrafts used for cash management purposes	(9,534)	(11,957)
Cash and cash equivalents in the cash flow statement	198,232	212,552

The effective interest rate earned on cash during 2010 was 0.6% (2009: 1.0%).
At December 31, 2010 € 190.9 million of cash and cash-equivalents were freely available (2009: € 203.7 million).

18 Share capital

At December 31, 2010, the Company's authorized share capital amounts to € 6,000,012 divided into 120,000,000 shares of common stock, 150,000,000 shares of cumulative preferred stock, and 30,000,000 shares of cumulative financing preferred stock (divided over six series of 5,000,000 shares each) and 600 priority shares, all with a nominal value of € 0.02 each.

The development of shares outstanding during 2010 is presented in the table below:

	Common stock		Priority shares		Total shares	
	2010	2009	2010	2009	2010	2009
Outstanding per January 1	**66,493,187**	60,100,948	**600**	600	**66,493,787**	60,101,548
Shares issued		5,739,351				5,739,351
Repurchased shares	**(1,250,000)**				**(1,250,000)**	
Exercise of shares and options	**822,821**	652,888			**822,821**	652,888
Outstanding per December 31	**66,066,008**	66,493,187	**600**	600	**66,066,608**	66,493,787

During 2010, no preferred shares or financing preferred shares were issued or outstanding. The shares issued in 2009 related to the Malcolm Pirnie acquisition.

Priority shares

The 600 priority shares have been issued since 1987 and are held by Stichting Prioriteit ARCADIS NV, a foundation with corporate seat in Arnhem. Special rights under the Articles of Association of ARCADIS NV linked to these priority shares concern decision making related to:

1. The issuance, acquisition and disposal of shares in the Company;
2. Amendments to the Articles of Association;
3. The dissolution of the Company and the filing for bankruptcy;
4. The entry into or termination of long-term cooperative ventures of substantial significance; and
5. Investments (including entering into participations) for an amount equal to at least 25% of the shareholders' equity.

The board of the Stichting Prioriteit ARCADIS NV consists of 20 board members: 7 members of ARCADIS' Supervisory Board, 3 members of ARCADIS' Executive Board, and 10 members from the board of Stichting Bellevue (a foundation established in Arnhem, whose board members are appointed by and from the international employees of the ARCADIS Group). At balance sheet date, the members of the board of the Stichting Prioriteit ARCADIS NV are:

- Rijnhard W.F. van Tets, Chairman
- Jürgen C. Boenecke, Deputy Chairman
- Harrie L.J. Noy , Secretary
- Marek Dzikiewicz
- Mark A. Elbers
- Ian M. Grice
- Luc G.J. Hellemans
- Michel J. Hoogervorst
- Patrick J. Keaney
- Karla M. Kiffer de Moraes
- Ruth Markland
- Wendy E. Mendes
- George R. Nethercutt Jr.
- Armando R. Pérez
- Friedrich M.T. Schneider
- J.C. Maarten Schönfeld
- Chris B. Seymour
- Renier Vree
- Gerrit Ybema
- Harm Albert Zanting

During 2010 Michiel Jaski, Carlos Espinosa de los Monteros, Pascal P.L. Guedon, Piotr Miaso, Jan Peelen and Peter E. Yakimowich stepped down from the board of Stichting Prioriteit ARCADIS NV, while Marek Dzikiewicz, Ian M. Grice, Wendy E. Mendes, Armando R. Pérez, Renier Vree, and Harm Albert Zanting were appointed as members of the board of Stichting Prioriteit ARCADIS N.V.

Cumulative Preference (Protective) Shares

Currently no cumulative preference (protective) shares have been issued. However, an option agreement to issue, acquire and transfer such shares has been entered into between Stichting Preferente Aandelen ARCADIS NV (the 'Preferred Stock Foundation') and ARCADIS NV. The Preferred Stock Foundation has been granted the right to acquire protective shares up to a maximum equal to the number of outstanding shares at the date in question (call option). ARCADIS NV has been granted the right to issue up to the same number of preference shares to the Foundation (put option).

The Board of the Preferred Stock Foundation consists of four persons appointed by the Board itself, after prior approval of the Executive Board of ARCADIS NV. The Chairman (or another member) of the Supervisory Board and the CEO (or another member of the Executive Board) will be invited to attend the board meetings of this foundation. This will not apply if a decision is to be made on the exercise of the option right by the Foundation or the exercise of voting rights on acquired shares.

At balance sheet date the members of the Board of the Preferred Stock Foundation are:

- Bram A. Anbeek van der Meijden, Chairman
- Gert Jan Kramer, Deputy Chairman
- Liesbeth M. Kneppers-Heijnert, Secretary
- Fritz Fröhlich

The Executive Board of ARCADIS NV and the Board of Stichting Preferente Aandelen ARCADIS NV are both of the opinion that, regarding the independence of management, there is full compliance with the requirements stipulated in 5:71c of the "Wet op het financiëel toezicht" and Section 2:118a, paragraph 3 of the Dutch Civil Code.

Cumulative Financing Preferred Shares

Since 2002 the Articles of Association include the possibility to issue cumulative financing preference shares. Currently, no cumulative financing preference shares have been issued.

Agreements with shareholders

The Articles of Association of Stichting Lovinklaan stipulate that their Articles of Association cannot be amended without prior approval of Stichting Prioriteit ARCADIS NV. In a separate agreement between Stichting Prioriteit ARCADIS NV and Stichting Lovinklaan it is stipulated that prior approval of Stichting Prioriteit ARCADIS NV is required for any resolution concerning the disposal or transfer of shares in ARCADIS NV if, as a result of such resolution the number of shares held by Stichting Lovinklaan will drop below 12,000,000.

Issuance of shares

The General Meeting of Shareholders decides, under the approval of the Supervisory Board and of Stichting Prioriteit ARCADIS NV, about the issuance of shares or grant of rights to acquire shares. The meeting can also delegate its authority to issue shares to the Executive Board. As long as any such delegation stands, the meeting cannot decide to issue.

Purchase of shares

The Executive Board can, as mandated by the General Meeting of Shareholders and with approval from the Supervisory Board and Stichting Prioriteit ARCADIS NV, purchase fully paid up shares in ARCADIS NV. The mandate is not needed in case the shares are purchased to be issued to employees in line with existing employee, share or option plans. Regarding the grant of options or other rights to acquire shares under the ARCADIS Incentive plans or in relation to acquisitions, the intention is to minimize dilution by purchasing (a portion of) the shares needed for these plans. In 2010, no shares were issued to cover obligations in relation to options (2009: nil). The following numbers of shares were purchased:

Year	Number of shares	Price at time of purchase
2006	1,364,514	€ 8.87 to € 13.84
2006	120,000	$ 14.70 $ 15.90
2007	1,050,000	€ 16.03 to € 20.57
2008	825,000	€ 8.19 to € 14.01
2009	-	-
2010	**1,250,000**	**€ 13.32 to $ 16.17**

The repurchased shares are to cover for the options granted. The cash equivalent of the temporary repurchased shares has been deducted from the Retained earnings.

Of the shares purchased, a total number of 822,821 has been placed back in the market through the exercise of options in 2010. The net proceeds were € 5.0 million (2009: € 3.4 million).

At December 31, 2010, the number of repurchased shares in stock was 1,610,188 (2009: 1,183,009).

Outstanding shares of common stock:

	January 1	Issued shares	Repurchased shares	Reissued shares	December 31
2006	60,809,808	-	1,484,514	1,589,670	60,914,964
2007	60,914,964	-	1,050,000	636,591	60,501,555
2008	60,501,555	-	825,000	424,393	60,100,948
2009	60,100,948	5,739,351		652,888	66,493,187
2010	**66,493,187**	**-**	**1,250,000**	**822,821**	**66,066,008**

Share premium

Share premium represents the premium paid in excess of the par value of shares at the time of the issuance of new shares or exercise of stock options. If ARCADIS declared a distribution to shareholders of share premium, at least € 78.4 million of the share premium would not be taxable under the 1964 Dutch income tax legislation (2009: € 78.4 million).

Translation reserve

Translation reserves (a statutory reserve) comprise all foreign exchange differences arising as of 2004 from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans with a permanent nature. In 2010, € 7.5 million was added to the translation reserve, including a tax benefit of € 0.8 million (2009: € 11.8 million and € 1.5 million, respectively).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Ultimo 2010, the reserve amounted to € 3.9 million, net of € 3.3 million tax (2009: € 0.1 million and € 0.2 million, respectively).

Retained earnings

The Executive Board is authorized to propose to the General Meeting of Shareholders, with the approval of the Supervisory Board, which part of the profit shall be reserved. The remaining part of the profits shall be at the disposal of the General Meeting and is typically added to the equity of the Company. The holder of the priority shares is entitled to a dividend of 5% of the par value of the priority shares, prior to any dividend distribution being made. On these shares no further distributions shall be made. For the fiscal year 2010, the Executive Board with the approval of the Supervisory Board proposes to add the amount of € 47.3 million to the retained earnings. The remainder of € 31.1 million can be distributed as a dividend, which represents a dividend of € 0.47 per outstanding share of common stock. For fiscal year 2009, a dividend was proposed and accepted amounting to € 0.45 per outstanding share of common stock. Of the total amount of retained earnings € 52.2 million is restricted in distribution. See also note 40 to the Company financial statements.

19 Earnings per share

For calculating the earnings per share, the following numbers of shares were used:

Year	Priority shares	Shares of common stock	Diluted number of shares of common stock
2010	**600**	**66,110,254**	**68,308,232**
2009	600	63,096,660	64,205,170

The diluted number of shares is calculated by using the monthly number of options outstanding and the monthly average stock price on the Euronext Amsterdam Stock Exchange. Only options with exercise prices below the average stock price are taken into account.

The weighted average number of ordinary shares used for the calculation of earnings per share for the years 2010 and 2009 is calculated as follows:

	2010	2009
Average number of issued shares	**67,676,196**	64,699,151
Average number of repurchased shares	**(1,565,342)**	(1,601,891)
Average number of outstanding shares	**66,110,854**	63,097,260
Of which:		
Priority shares	**600**	600
Shares of common stock	**66,110,254**	63,096,660

For the calculation of earnings per share, no distinction is made between the different classes of shares.

Total earnings of ARCADIS:

	2010	2009
Net income from operations	**78,391**	74,302
Net income	**73,930**	72,753
Earnings per share (in euros):		
Net income from operations	**1.19**	1.18
Net income	**1.12**	1.15

At December 31, 2010, the number of outstanding options is 8,113,052 (2009: 8,310,836). Of the outstanding options at December 31, 2010 1,490,335 options were in the money and exercisable (2009: 2,093,733). Exercising options may lead to dilution. This dilution is calculated on a weighted average basis. To avoid dilution as much as possible, ARCADIS repurchases own shares, which are reissued the moment options are exercised. Reference is made to note 25.

	2010	2009
Average number of outstanding shares	**66,110,854**	63,097,260
Average number of diluting shares	**2,197,378**	1,107,910
Average number of diluted shares	**68,308,232**	64,205,170
Earnings per diluted share (in euros):		
Net income from operations	**1.15**	1.16
Net income	**1.08**	1.13

20 Provisions

	Pension obligations	Deferred compensation	Restructuring	Litigation	Other	Total
Balance at January 1, 2010	3,884	10,535	969	17,157	1,857	34,402
Transfer to assets and liabilities held for sale				(213)		(213)
Additions	970	431	2,195	3,489	2,199	9,284
Amounts used	(89)	(115)	(1,510)	(1,274)	(613)	(3,601)
Release of unused amounts	(528)		(352)	(5,687)	(1,307)	(7,874)
Exchange rate differences		682		286	46	1,014
Balance at December 31, 2010	**4,237**	**11,533**	**1,302**	**13,758**	**2,182**	**33,012**
Non-current	**3,938**	**10,996**	**714**	**9,023**	**1,974**	**26,645**
Current	**299**	**537**	**588**	**4,735**	**208**	**6,367**
Total	**4,237**	**11,533**	**1,302**	**13,758**	**2,182**	**33,012**

Pension obligations

In the German and French operating companies for limited groups of (ex)employees, pension plans are in place. For these plans, provisions have been recognized based on IAS 19. At year-end 2010, these provisions amounted to € 3.7 million (2009: € 3.4 million). Additionally a provision has been recorded related to an early retirement plan for a former manager of an acquired company.

Deferred compensation

The United States operating company has a plan for deferred compensation. The management of the company can elect not to have its salary paid out, but rather invested in a fund by the company, and is offered a choice of three different portfolio types: risk averse, neutral and risky. The risk is the responsibility of the participants. At the end of 2010, the amount recognized under deferred compensation for these deferred salaries was € 10.4 million (2009: € 9.5 million). This amount is covered by a receivable on the fund, which is recognized under other non current assets. In 2010 the receivable was € 10.4 million (2009: € 9.5 million). Additionally € 1.0 million (2009: € 0.8 million) is recognized for future jubilee payments based on the current agreements in the collective labour agreements and the related staff levels.

Restructuring

Provisions for restructuring includes costs related to certain compensation to staff and cost directly related to the existing plans to execute certain restructurings. A provision is only recognized once the decision to execute said restructuring has been taken, its costs can be reasonably and fairly estimated and its intended execution has been announced. Existing plans currently include small restructurings in certain parts of the company that are expected to be phased in on a step-by-step basis in the coming 24 months.

Litigation

ARCADIS has global professional liability insurance coverage and in addition, has local insurance in a number of countries. In general, these insurance policies have a self-insured retention and a maximum payout level. Clients sometimes claim, justified or not, that they are not satisfied with the services provided by ARCADIS. Estimates by management and external advisors lead to an indication of the potential financial risk and whether or not that risk is covered by the insurance policies. This, in turn, determines the amount ARCADIS provides for.

Other provisions

In some cases, ARCADIS may extend warranties after the completion of activities. In such cases, a provision is recognized, based on estimated cash out flows. Because settlement in these cases generally takes place within a short time frame and because the amounts are relatively limited, no discounting takes place.

21 Deferred tax assets and liabilities

In assessing the valuation of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax assets considered realizable, however, could change in the near term if future estimates of projected taxable income during the carry-forward period are revised.

Unrecognized deferred tax assets and liabilities

In 2010, a deferred tax asset of € 1.5 million for net operating losses was not recognized. The opinion of management is that it is not probable that these losses will be compensated by future profits in the companies where these losses were made. At December 31, 2010, the gross amounts of the net operating loss carry forwards for which no deferred tax assets have been recognized in the balance sheet, with a total of € 5.2 million (2009: € 6.1 million), can be carried forward indefinitely.

The movement in unrecognized deferred tax assets and liabilities during the year is as follows:

	Balance at January1, 2010	Additions	Recognition	Recognized in equity	Exchange rate differences	Balance at December 31, 2010
Tax losses	1,782	(1)	(43)	(205)	15	**1,548**
Tax credits	225	(225)				-
Total	**2,007**	**(226)**	**(43)**	**(205)**	**15**	**1,548**

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet items:

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Goodwill / intangibles	**304**	4,303	**4,902**	6,500	**(4,598)**	(2,197)
Property, Plant and Equipment	**1,114**	2,826	**1,947**	1,017	**(833)**	1,809
Work in progress	**1,099**	619	**24,790**	26,496	**(23,691)**	(25,877)
Accrued expenses	**26,291**	23,341	**854**	189	**25,437**	23,152
Derivatives	**3,126**		**99**	1,516	**3,027**	(1,516)
Share-based compensation	**6,574**	4,604			**6,574**	4,604
Deferred compensation	**1,489**	1,355			**1,489**	1,355
Net operating losses	**6,487**	4,638			**6,487**	4,638
Others	**4,500**	1,679	**282**	478	**4,218**	1,201
Offsetting	**(21,853)**	(25,406)	**(21,853)**	(25,406)		
Balance at December 31	**29,131**	17,959	**11,021**	10,790	**18,110**	7,169

Deferred tax assets and liabilities are offset only when the deferred tax assets and liabilities relate to the same taxation authority and same taxable entity, and the entity has a legally enforceable right to set off current tax assets against current tax liabilities. Approximately € 31.6 million of the deferred tax liabilities at December 31, 2010, will be utilized within one year (2009: € 30.3 million). The estimated utilization of deferred tax assets within one year at December 31, 2010, is € 37.0 million (2009: € 28.4 million).

The gross operating losses that might be compensated by future profits amount to € 22.2 million (this is including a non-controlling interest of € 5.6 million) at December 31, 2010, and € 15.6 million (including a non-controlling interest of € 3.0 million) at December 31, 2009.

At December 31, 2010, the gross amounts of the net operating loss carry forwards for which deferred tax assets have been recognized in the balance sheet, with a total of € 22.2 million (2009: € 15.6 million) expire as follows:

2011	2012	2013	2014	2015	Later	Unlimited
-	-	1.7	1.8	0.1	0.1	18.5

The movement in temporary differences during the year 2010 was as follows:

	Balance at January 1, 2010	Recognized net in income	Recognized in equity	(De)-consolidations	Exchange rate differences	Balance at December 31, 2010
Goodwill / intangibles	(2,197)	(2,177)		(91)	(133)	**(4,598)**
Property, Plant and Equipment	1,809	(2,756)			114	**(833)**
Work in progress	(25,877)	3,841		(16)	(1,639)	**(23,691)**
Accrued expenses	23,152	1,023		(245)	1,507	**25,437**
Derivatives	(1,516)	232	4,336		(25)	**3,027**
Share-based compensation	4,604	1,717	251		2	**6,574**
Deferred compensation	1,355	131			3	**1,489**
Net operating losses	4,638	1,392	15	(6)	448	**6,487**
Others	1,201	2,879		(6)	144	**4,218**
Tax assets /(liabilities)	**7,169**	**6,282**	**4,602**	**(364)**	**421**	**18,110**

The movement in temporary differences during the year 2009 was as follows:

	Balance at January 1, 2009	Recognized net in income	Recognized in equity	(De)-consolidations	Exchange rate differences	Balance at December 31, 2009
Goodwill / identifiables	(2,575)	86		295	(3)	(2,197)
Property, Plant and Equipment	2,001	(167)			(25)	1,809
Work in progress	(15,286)	(11,106)			515	(25,877)
Accrued expenses	15,707	4,989		2,892	(436)	23,152
Derivatives		(2)	(1,510)		(4)	(1,516)
Share-based compensation	1,268	1,225	2,112		(1)	4,604
Deferred compensation	1,386	(30)			(1)	1,355
Net operating losses	2,578	1,483	38	234	305	4,638
Others	1,113	(477)		492	73	1,201
Tax assets /(liabilities)	6,192	(3,999)	640	3,913	423	7,169

22 Loans and borrowings

	2010	2009
Bank loans	**379,747**	337,872
(interest rates between 3.2% and 19.0%)		
Financial lease contracts	**598**	1,236
(interest rates between 2.4% and 11.5%)		
Other long-term debt	**5,930**	8,548
(interest rates between 3.0% and 6.1%)		
Subtotal	**386,275**	347,656
Current portion	**68,071**	5,600
Balance at December 31	**318,204**	342,056

Aggregate maturities of long-term debt are as follows:		
2011		73,016
2012	**141,310**	100,775
2013	**90,327**	86,541
2014	**30,188**	27,927
2015	**56,068**	52,365
After 2015	**311**	1,432
	318,204	342,056

The fair value of the Company's loans and borrowings has been estimated based on quoted market prices for the same or similar loans or on the current rates offered to the company for debt with similar maturities, and is estimated at € 381.1 million (2009: € 334.1 million).

The weighted average interest rate for 2010 and 2009 on interest-bearing debt (including the interest effect of the swaps) was 3.3% and 2.9%, respectively. From the total amount of bank loans at December 31, 2010, € 351.4 million has interest rates in the range of 0.3% to 4%. The remainder of € 28.4 million has interest rates in the range of 4% to 17%. Ultimo 2009 the interest rates ranged from 0% to 4% for total bank loans of € 315.8 million and from 4% to 17% for bank loans of € 22.1 million.

Under other long-term debt, retentions and expected after-payments not due within one year are included, amounting to € 4.7 million (2009: € 6.3 million).

The long-term bank loans include $ 470 million (2009: $ 450 million) with a US LIBOR denominated interest rate. $ 305 million of these loans have been converted by way of interest rate swaps into USD fixed rate debt, at an average rate of 2.25% and the average remaining lifetime of these swaps is 2.7 years. For disclosures on the derivatives, see note 13. The debt covenant for the above mentioned long-term debt-facility and the short-term multicurrency and guarantee facility as mentioned under note 22, states that the net debt to EBITDA ratio is not to exceed the maximum ratio of 3, which is confirmed to the group of banks twice a year and will be confirmed on a quarterly basis in 2011. At December 2010, the Net Debt : EBITDA ratio calculated in accordance with agreements with the banks is 1.43 (2009: 1.04).

ARCADIS has short term uncommitted debt facilities of € 61 million with four banks and a € 50 million guarantee facility with one bank (2009: € 76 million and € 50 million). The interest rate on this short-term facility is EONIA-denominated and is used for the financing of working capital and general purposes of the ARCADIS Group.

The total short-term facilities amount to € 217.2 million, which include all uncommitted loans and the guarantee facility with the consortium (2009: € 222.8 million including multi-currency and guarantee facility). The effective interest rates for bank overdrafts are between 1.03% and 18.9% (2009: 1.16% - 13.5%).

By the end of the year 2010, the total amount of bank guarantees and letters of credit that were outstanding under the € 50 million short-term guarantee facility amounted to € 43.2 million (2009: € 36.2 million). Additionally there were other outstanding guarantees and letters of credit amounting to € 37.6 million (2009: € 31.0 million).

23 Other current liabilities

	2010	2009
Taxes and social security contributions	**52,531**	48,221
Payable to employees	**106,790**	97,780
After-payments for acquisitions	**6,583**	23,967
Other liabilities	**33,126**	36,991
	199,030	206,959

24 Commitments and contingent liabilities

Operating leases

Future minimum payments for the non-cancelable operating leases during the next five years and thereafter are as follows:

Years ending December 31	2010	2009
2010		60,767
2011	**63,718**	51,031
2012	**52,764**	37,043
2013	**37,727**	24,041
2014	**28,540**	17,274
Thereafter	**83,070**	45,618
	265,819	235,774

The Company's lease arrangements mainly relate to contracts for leased cars and buildings. Car leases typically run for a period of 3 years, while lease contracts for buildings in most instances run for a period between 5 to 10 years, with an option to renew the lease after that date.

During the year ended December 31, 2010, € 60.8 million was recognized as an expense in profit or loss with regard to operating leases (2009: € 82.0 million).

Litigation

The Company is involved in various legal and regulatory claims and proceedings as a result of its normal course of business, either as plaintiff or defendant. Management ensures that these cases are firmly defended. In some of these proceedings, claimants allegedly claim amounts for project contract breaches that are significant to the financial statements. In consultation with in-house and outside legal counsels, management regularly evaluates relevant facts and circumstances of those claims and, based on the analysis of possible outcomes of litigation and settlements, provisions are accrued for these claims, where management believes it is probable that a liability has been occurred and the amount is reasonably estimable. These provisions are reviewed periodically and adjusted if necessary to the extent that cash outflow of related proceedings is probable, including defense costs and reimbursements by our insurance policies. Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and could require revisions to the estimated provision, which could have a material adverse effect on the Company's consolidated financial position and consolidated results of operations for a particular period.

Guarantees

As a partner in a number of partnerships, ARCADIS is liable for the contractual obligations these companies enter into. The potential risk pertaining to these obligations amounted to € 80.6 million (2009: € 15.1 million). Guarantees related to investments in associates totaled € 98.9 million (at December 31, 2009: € 33.8 million).

25 Share-based compensation

Option and share purchase plans

To stimulate the realization of long-term Company objectives and goals, ARCADIS NV has option and share plans, as well as a share purchase plan. Following is an overview.

ARCADIS NV 1994 and 1996 Incentive Plan

At the time of the merger with Geraghty & Miller in 1993, ARCADIS took over and later in 1994 and 1996 expanded the existing employee option plans. These employee stock option plans were dedicated to employees of the American subsidiaries and ended in 2003 and 2005, respectively, so that since then, no new options can be granted under these plans. The options granted under these plans are valid for a ten-year period and generally become vested after a three-year period.

ARCADIS NV 2001 Long-Term Incentive Share Option Plan

In the General Meeting of Shareholders of May 2001, the ARCADIS 2001 Long-Term Incentive Share Option Plan was introduced. Under this plan, a maximum of 7,500,000 options were expected to be granted from 2001 to 2006 to key staff members of ARCADIS NV and its subsidiaries. Options under this plan are conditional and can be exercised three years after the issue date, provided the staff member is still employed by the Company. The options are valid for a period of ten years starting on the issue date. In May 2005, this plan was replaced by the ARCADIS NV 2005 Long-Term Incentive Plan.

ARCADIS NV 2005 Long-Term Incentive Plan

In May 2005, the General Meeting of Shareholders agreed to a number of changes in the 2001 plan. These changes are the result of the implementation of the Dutch Corporate Governance Code, as well as the expiration of the ARCADIS 1996 Incentive Plan. Following are the primary changes that were introduced:

- In addition to rights to shares (option rights), other share-related incentives can be granted, such as Stock Appreciation Rights, Conditional shares and Incentive shares.
- The granting of (rights to) shares can be related to the goals or performance criteria as set by the Supervisory Board. This Committee also determines the moment at which the granted (rights to) shares can be exercised.
- The number of (rights to) shares totals 7,500,000.

In its December 2005 meeting, the Supervisory Board approved the text of the ARCADIS NV 2005 Long-Term Incentive Plan.

ARCADIS NV 2010 Long-Term Incentive Plan

Under the ARCADIS 2005 Long-Term Incentive Plan there was no longer room for allocating options and shares. Therefore, in 2010 the Supervisory Board approved the continuation of the ARCADIS 2005 Long-Term Incentive Plan in the form of the ARCADIS 2010 Long-Term Incentive Plan (the "2010 LTIP"). The revised Plan was (also) approved by the General Meeting of Shareholders in May 2010.

The 2010 LTIP provides for the periodic allocation of (conditional) options and (conditional) share units to the members of the Executive Board and key employees. The objective of the 2010 LTIP is to strengthen the personal ties of the participants with the Company and to let them benefit from the increase of the ARCADIS stock price so that their interest is in line with the interest of the shareholders of the Company.

The Plan provides for a maximum of 10,000,000 shares or options to be allocated during a five year period, all of which may be granted as 'qualified' options in accordance with Section 422 of the United States Internal Revenue Code 1986. Such 'qualified' options may be granted only to employees of ARCADIS. The options and share units annually granted to members of the Executive Board and selected key employees are conditional and such options and share units have a vesting period of three years. Vesting is dependent on performance criteria set forth in advance. The granting of such options and share units will take place each year on or about the second day after the Annual General Meeting of Shareholders, whereby the exercise price will match the closing price of ARCADIS NV shares on the day of the grant.

The Plan provides for the possibility to grant options to employees under different conditions such as remarkable performance, for reasons of retention or in light of acquisitions. These options can be granted under conditions to be determined by the Supervisory Board.

To prevent dilution, the shares (or a portion thereof) required to meet the obligations in relation to the exercise of options or other rights to acquire shares, can be purchased by the Company with due consideration to the Company's financial position, in particular the cash available within the Company. Alternatively, shares can be issued, whereby it is intended to limit this to a maximum of 1% of the number of issued shares.

On May 14th, 2010, 641,000 conditional options with an exercise price of € 14.33 were granted under this plan and accepted by 340 employees worldwide. At the same date, a total of 122,400 conditional options were granted to the members of the Executive Board and 131,400 conditional options were granted to the members of the Senior Management Committee. All these options had an exercise price of € 14.33.

On May 14th, 2010, the conditional options that were granted in 2007 to the members of the Executive Board became unconditional. At the end of this 3 year period ARCADIS reached the third position in comparison to the peer group, and based on this performance measure, the number of options granted amounted to 116.7%.

In december 2010, a total of 31,200 options with an exercise price of € 16.98 were granted the Corporate Director of Mergers & Acquisitions. During February 2011 options will be granted to the employees of the acquired company Rise International L.L.C..

During 2010, a total of 661,510 options were exercised while 553,074 options were cancelled or forfeited.

In accordance with IFRS 2, the Company's stock option plans qualify as so-called equity-settled plans. As a consequence, the Company has to charge the fair value of the stock options to income spread over the vesting period. The corresponding amount is directly credited to equity.

In 2010 an amount of € 6.0 million (2009: € 5.6 million) is included under other personnel cost for the options granted to personnel in 2010, 2009, 2008 and 2007 under the different option plans. In calculating the cost, the fair value of each option was estimated as of the date of grant, using the binomial option-pricing model.

The fair value and the assumptions used for the largest series of options granted were:

	2010 May options	2010 Acquisition	2009
Fair value at grant date	**2.73-3.17**	**2.69-4.30**	2.07-2.39
Share price	**14.33**	**16.98**	10.91
Exercise price	**14.33**	**16.98**	10.91
Excepted dividend yield	**2.93**	**2.93**	3.96
Risk-free interest rate (%)	**2.33**	**2.33**	2.7
Expected volatility (%)	**41.91**	**41.91**	40.9
Expected life of option (years)	**5**	**5**	5
Expected forfeitures (%)	**9.2**	**9.2**	9.2

The expected volatility is calculated based on the share price movements of the 60 months prior to grant date.

The number and weighted average exercise price of the share options under the combined ARCADIS Stock Option Plans are as follows:

	Number of ARCADIS options in $	Weighted average exercise price in $	Number of ARCADIS options in €	Weighted average exercise price in €
Balance at January 1, 2009	97,144	5.16	5,628,063	13.54
Granted			3,284,086	12.06
Exercised	(37,479)	6.96	(479,300)	5.47
Forfeited	(9,000)	5.00	(172,678)	15.32
Balance at December 31, 2009	50,665	3.97	8,260,171	13.55
Balance at January 1, 2010	**50,665**	**3.97**	**8,260,171**	**13.55**
Granted			**926,000**	**14.42**
Increase by performance measure			**90,800**	**20.23**
Exercised	**(13,300)**	**3.41**	**(648,210)**	**8.04**
Forfeited / cancelled			**(553,074)**	**15.72**
Balance at December 31, 2010	**37,365**	**4.17**	**8,075,687**	**15.29**
Excercisable at December 31	**37,365**		**3,403,789**	

No granted options expired in 2010. The weighted average share price at the date of exercise for share options exercised in 2010 was € 16.24 (2009: € 13.01).

Total options outstanding and exercisable at December 31, 2010 were as follows:

Year of issue	Exercise price	Outstanding January 1, 2010	Granted in 2010	Increase by performance measure	Exercised in 2010	Cancelled/ Forfeited in 2010	Outstanding December 31, 2010
Unconditional options:							
2000	$ 2.25	2,100			2,100		
2001	$ 2.67	10,200			6,000		4,200
2002	€ 3.60	58,600			10,600		48,000
2003	€ 2.80	238,751			86,989		151,762
2003	$ 3.83	19,300			1,200		18,100
2004	$ 5.00	19,025			4,000		15,025
2005	€ 6.48	791,027			298,558		492,469
2005	$ 7.67	40					40
2006	€ 12.37	954,729			242,005	4,500	708,224
2007	€ 20.23	1,964,964		90,800	5,625	176,005	1,874,134
2008	€ 13.77	59,200					59,200
2009	€ 12.06	70,000					70,000
Conditional options:							
2008	€ 13.77	923,855				108,201	815,654
2009	€ 12.06	3,199,045			4,433	253,766	2,940,846
2010	€ 14.33		894,800			10,602	884,198
2010	€ 16.98		31,200				31,200
Total		**8,310,836**	**926,000**	**90,800**	**661,510**	**553,074**	**8,113,052**

The outstanding options per December 31, 2010 have a weighted average contractual life of 7.3 years (2009: 7.9 years).

Incentive shares

On an annual basis the Annual General Meeting of Shareholders approves the conditional granting of incentive shares to the members of the Executive Board. The costs are spread over the three year vesting period, and are included in the other personnel costs.

The following parameters were used to calculate the costs:

Share price at grant date 2007	€ 19.89
Share price at grant date 2008	€ 13.03
Share price at grant date 2009	€ 10.91
Share price at grant date 2010	€ 14.33
Foregone dividend	7.2%
Performance discount	36.4%

Options and shares granted are conditional in nature and depend on attaining a performance measure after three years. The performance measure is Total Shareholder Return (TSR), defined as share price increase plus dividend. This measure stimulates the creation of shareholder value in the longer term. Each year, a three year cycle begins, whereby achievements are measured at the end of the period against a peer group of companies of comparable size and breadth. ARCADIS' position in the peer group (2008 – 2010: 11 companies including ARCADIS) determines whether the (conditional) options and shares granted earlier become unconditional.

The following table indicates the number of options and shares that can become unconditional at the end of each three year period depending on ARCADIS' relative position in comparison to the peer group.

Position against peer group	Percentage of conditional options and shares that vest for management	Percentage of conditional options and shares that vest for key staff
First	150.0	115
Second	133.3	110
Third	116.7	105
Fourth	100.0	100
Fifth	83.3	95
Sixth	66.7	90
Seventh	50.0	85
Eighth	0.0	80
Below Eighth	0.0	0

Overview of incentive shares granted

Provisional (rights to) shares granted on	Granted	Unconditional in	In(de)crease because of ranking in the peer group	Total amount to be expensed over the vesting period, in €	Cancelled
May 18, 2007	141,150	2010	17%	1,763,000	1,950
May 9, 2008	101,700	2011		831,900	
May 11, 2009	110,300	2012		755,500	
May 14, 2010	114,400	2013		1,029,513	

Employee Share Purchase Plan (Lovinklaan Foundation)

The Company has an Employee Share Purchase Plan that allows employees to periodically purchase shares in the Company at a previously set discount. This plan has been implemented in a number of countries were ARCADIS is located. The investment per employee is limited to € 400 per month. The shares and the discount are made available by Lovinklaan Foundation. Ultimo 2010 4,355 employees participated in the plan (2009: 4,405). The cost of the Employee Share Plan in 2010 included in the Company's financial statements amounted to € 0.4 million.

26 Revenue

The company's revenues arise from the following categories:

	2010	2009
Revenues from services	1,654,818	1,450,661
Construction contract revenue	345,887	334,410
Carbon credits	2,102	702
Total revenues	2,002,807	1,785,773

Construction contracts include the rendering of services which are directly related to the construction of assets, contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets.

27 Operational costs

	2010	2009
Salaries and wages	738,827	649,288
Social charges	101,335	85,828
Pension and early retirement charges	34,726	28,261
Other personnel costs including temporary labor	108,326	102,171
Total personnel costs	983,214	865,548
Occupancy expenses	72,922	66,094
Travel expenses	44,343	40,458
Office expenses	44,120	39,039
Audit and consultancy costs	19,240	17,984
Insurance costs	10,209	10,234
Marketing and advertising expenses	8,268	6,569
Other operational costs	29,529	27,290
Total other operational costs	228,631	207,668
Total operational costs	1,211,845	1,073,216

The average number of employees in 2010 was 14,590 (2009: 13,519). The headcount includes the total number of employees of the proportionately consolidated companies ARCADIS Aqumen Facility Management BV, Biogas Energia Ambiental S.A. and Novo Gramacho (2010: 417; 2009: 371).

28 Other income

	2010	2009
Book gain on sale of assets	324	334
Result on sale of activities		1,400
Total other income	324	1,734

In 2010 other income only relates to sale of assets, none of which is individually material. In 2009, other income included the the book gains on the divestment of some activities in Germany and the after-payment on the divestment of Grupo EP.

29 Net finance expense

	2010	2009
Financial income	8,760	6,369
Financial expenses	(21,963)	(14,902)
Fair value changes of derivatives	(5,111)	4,896
Total	(18,314)	(3,637)

In financial income and expenses, exchange rate differences on foreign currency loans are also included. Financial expenses in 2010 increased compared to 2009 reflecting the full year impact of the debt incurred to finance the Malcolm Pirnie acquisition while these USD costs are on average 5% more expensive due to adverse movements in EUR/USD during the year. In addition, higher debt levels in Brazil together with higher interest rates on these local Brazilian loans have also contributed to a higher financial expense. Interest expense in 2010 amounted to € 22.0 million (2009: € 14.9 million).

In 2010 there were exchange rate losses on the hedge of currency exposures by way of FX forward deals. The losses mainly related to the hedge of foreign currency intercompany loans as well as the hedging of intercompany income. During 2009, the result on the change in fair value of derivatives mainly reflects the gains achieved on cross currency swaps during Q1 2009.

30 Income taxes

ARCADIS NV is for income tax purposes the parent of the fiscal unit ARCADIS NV, and is therefore liable for the liabilities of the fiscal unit as a whole. The weighted average tax rate on profit before taxes was 30.9% (2009: 33.4%).

Explanation of effective tax rate	2010			2009		
	Gross amount	Taxes	In %	Gross amount	Taxes	In %
Profit before taxes from operations	111,344	34,584	31.1	110,782	36,989	33.4
Profit before taxes from associates	689		0.2	15		0.0
Profit before taxes	**112,033**	**34,584**	**30.9**	110,797	36,989	33.4
Nominal tax rate in the Netherlands			25.5			25.5
Foreign tax rate differences			8.2			8.5
Tax losses previously not recognized			0.0			0.0
Settlements related to previous years			(0.1)			0.2
Income from associates			(0.2)			0.0
Non-taxable amounts and others			(2.5)			(0.8)
Effective tax rate			**30.9**			33.4

Explanation taxes	2010	2009
Current year	40,945	32,769
Adjustments for previous years	(79)	259
Total current tax	40,866	33,028
Deferred tax	(6,282)	3,961
Total Taxes on income	**34,584**	36,989

The tax effects of significant timing differences that give rise to year-end deferred tax assets and liabilities are offset within each taxable entity. Deferred tax assets in excess of these amounts are recognized if their realization is more likely than not.

31 Subsequent events

By the end of 2010, ARCADIS Logos Energia S.A. entered into an agreement with Haztec, whereby Haztec was granted an option to purchase the shares related to certain landfillfas-to-energy projects of Biogás Energia Ambiental S.A. and whereby Biógas Energia Ambiental S.A. obtained an option to sell to Haztec the same shares of these energy projects, after the fulfillment of certain precedent conditions, some of which are performance-related. In addition, under the terms and conditions of the contract Haztec will pay a premium for the option-agreement of BRL 28.3 million after certain non performance-based conditions have been fulfilled. By the end of 2010 the conditions were fulfilled, however not all formal procedures relating to the agreement were finalized, and as such, no results were recognized in profit or loss. In the first half of 2011 the formal requirements are expected to be met, after which the deal will be accounted for. The expected contribution to ARCADIS'net income in 2011 ranges between € 3 million and € 5 million.

Besides the above mentioned there were no material events after December 31, 2010 that would have changed the judgement and analysis by management of the financial condition of the Company at December 31, 2010 or the profit for the period of the year 2010.

32 Related party transactions

The related parties of ARCADIS comprise subsidiaries, jointly controlled entities, associates, temporary partnerships, Stichting Lovinklaan (SLL), Stichting Bellevue, Executive Board, Supervisory Board, Stichting Pensioenfonds ARCADIS Nederland (SPAN), and Stichting Bouwcentrum Pensioenfonds (SBP).

In accordance with Book 2 of the Dutch Civil Code, articles 379 and 414, the list of subsidiaries, joint ventures, and associates is filed with the Chamber of Commerce in Arnhem.

Jointly controlled entities

The financial transactions between the Company, its joint ventures and other parties related to these jointly controlled entities comprise operational project related transactions amounting to € 28.3 million (2009: € 37.1 million) and financing transactions amounting to € 0.4 million (2009: € 6.2 million). Furthermore the Company received dividends amounting to € 2.1 million (2009: € 0.7 million). At the end of 2010, the outstanding payables to joint ventures were € 4.0 million (2009: € 0.0 million), while receivables from joint ventures were € 3.9 million (2009: € 0.7 million). See also note 33.

Associates

The financial transactions between the Company and its associates comprise operational project related transactions amounting to € 7.2 million (2009: € 34.5 million), and financing transactions amounting to € 0.5 million. Furthermore the Company received dividends amounting to € 0.5 million (2009: € 0.3 million). At the end of 2010, the payables from the Company to its associates were € 1.1 million (2009: € 1.5 million), while receivables from associates were € 2.1 million (2009: € 6.2 million).

All transactions with subsidiaries, associates and joint ventures are on an arm's length basis. See also note 9.

Executive Board and Supervisory Board

The members of the Executive Board and the Supervisory Board are considered key management personnel as defined in IAS 24 "Related parties". For details on their remuneration and interests held in the company see notes 45 and 46. During 2010, no transactions involving conflicts of interest for Executive or Supervisory Board members which were material to the Company occurred.

Stichting Lovinklaan (Lovinklaan Foundation)

Lovinklaan Foundation is the main shareholder of ARCADIS. The board of the Foundation consists of ARCADIS employees. Ultimo 2010, the Foundation had an interest of 19.8% in ARCADIS (2009: 19.2%).The Foundation has an employee share purchase plan in place which allows ARCADIS employees to purchase ARCADIS shares from the Foundation with a discount. The Company has no involvement in executing the plan, besides facilitating payments from employees to the foundation through the salary system of the Company.

In 2010 ARCADIS and UN-Habitat launched a global partnership under the name Shelter, aimed at improving quality of life in rapidly growing cities around the world. ARCADIS contributes employees, expertise and skills to this initiative. The Lovinklaan supports the initiative and committed to contribute € 0.4 million on an annual basis. Actual contribution over 2010 amounted to € 0.1 million.

Lovinklaan Foundation supports the Quest program within ARCADIS. The Quest program is an initiative to collect and exchange knowledge and expertise amongst ARCADIS employees and as such contributes to the ARCADIS strategy of international collaboration and global business lines. The program facilitates financial and practical support for international transfers of one week. In 2010 44 employees participated in the program, and financial support amounted to € 0.1 million (2009: 23 participants, € 0.1 million).

During 2010 and 2009, no other financial transactions than mentioned above took place between the Foundation and the Company, except for the dividends on the shares.

Stichting Pensioenfonds ARCADIS Nederland (SPAN) (pension fund)

SPAN is the independent foundation that is responsible for the administration of the pension rights under the existing pension plan for Dutch employees, excluding employees of PRC. This pension plan is a collective defined contribution plan with a premium based on the ambition of a pension payment that, under certain conditions, is comparable to an average pay scheme with a retirement age of 63 years. During 2010, the transactions between ARCADIS NV and SPAN comprise of the transfer of pension premiums, and amounted to € 20.5 million (2009: € 18.7 million). At year-end 2010, the amount due to SPAN was € 1.8 million (2009: € 2.1 million).

Stichting Bouwcentrum Pensioenfonds (SBP) (pension fund)

SBP is an independent foundation responsible for the administration of the pension rights of the employees of PRC and some other not ARCADIS-related organizations. The pension plan is a defined contribution plan with a premium based on the ambition of a pension payment comparable to an average pay scheme with a retirement age of 65 years. During 2010, the transactions between ARCADIS and SBP comprise of the transfer of pension premiums, and amounted to € 3.7 million (2009: € 3.5 million). At year-end 2010, the amount due to SBP was € 0.8 million (2009: € 0.8 million).

33 Interests in jointly controlled entities

The group has several interests in jointly controlled entities, of which the most important is a 47.4% interest in the jointly controlled entity Biogás Energia Ambiental S.A.

Per December 31, 2010 the 50% interest in some jointly controlled entities were classified as held for sale, and as such not included in the figures reported below. Reference is made to note 16 for further details.

The financial statements of the proportionally consolidated jointly controlled entities (in millions of euros) are:

	2010	2009
Non-current assets	**66.4**	53.3
Current assets	**46.8**	60.8
Total assets	**113.2**	114.1
Non-current liabilities	**31.1**	30.9
Current liabilities	**51.4**	74.7
Non-controlling interest		
Total liabilities	**82.5**	105.6
Gross revenue	**62.5**	149.2
Expenses	**59.4**	137.0

34 Financial risk management

ARCADIS' activities expose it to a variety of financial risks. These include:

- credit risk
- liquidity risk
- market risk

These risks are inherent to the way the Company operates as a multinational with locally operating subsidiaries. The Executive Board is responsible for the design and functioning of the internal risk management systems. The day-to-day risk management activities related to the financial risk management are carried out by ARCADIS Corporate Treasury, in line with the Guiding Principles of the Treasury Policy, as approved by the Executive Board.

ARCADIS' Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and the ARCADIS control framework, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit Risk

Credit risk arises from receivables from customers as well as balances and settlements with banks. The credit risk on customers is influenced mainly by the individual characteristics of each customer. ARCADIS usually invoices clients for services according to the progress of the work (percentage of completion – method). If clients refuse or are unable to meet their contractual payment obligations, the Company may not have sufficient cash to satisfy our liabilities, and our growth rate and continued operations could be adversely impacted.

The exposure to credit risk is monitored on an ongoing basis at local entity level. Normally ARCADIS only deals with counterparties that have a sufficiently high credit rating. Where possible, ARCADIS uses credit ratings provided by external agencies, thus monitoring creditworthiness in order to reduce the related credit risk. Furthermore, ARCADIS strongly focuses on clients by strengthening the relationship. Through systematic account management we aim to build long-term relationships with select multinational and key national / local clients. With 67% of our multinational clients we already have a relationship of more than 5 years. New customers are analyzed individually for creditworthiness before services are offered.

Generally, the maximum exposure to credit risk is represented by the carrying value of the financial assets in the balance sheet. Trade receivables are presented net of an allowance for impairment, which is based on individually significant exposures, and a collective loss component for groups of trade receivables in respect of losses that have been incurred but not yet identified. The risk related to individual significant exposures is measured and analyzed on a local level, mainly by means of ageing analysis. Next to ageing analysis additional circumstances, like the recent impact of the credit crisis on the financial situation of customers are being evaluated continuously. When necessary, additional impairment allowances were recognized. The collective loss component allowance is determined based on historical data of payment statistics for similar financial assets.

On the balance sheet trade receivables are presented net of an allowance for impairment of € 40.3 million (2009: € 45.2 million).

The ageing of trade receivables and the impairment losses recognized for bad debts at reporting date were:

	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Not past due	**197,073**	**(3,230)**	184,714	(2,089)
Past due 0-30 days	**68,991**	**(1,185)**	62,487	(402)
Past due 31-120 days	**50,123**	**(2,421)**	46,283	(2,079)
More than 120 days due	**54,431**	**(33,467)**	65,473	(40,589)
Total	**370,618**	**(40,303)**	358,957	(45,159)

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of reporting date that the debtors will not meet their payment obligations.

For the movement schedule for the allowance of impairment of trade receivables reference is made to note 14.

The Company provided bank guarantees and letters of credit. The total amount of outstanding guarantees and letters of credit amounted to € 90.9 million (2009: € 89.6 million). In addition, a corporate guarantee has been issued by ARCADIS NV to Brazilian banks for a maximum amount of BRL 110 million (€ 49.5 million), in support of local project financing, and more than 90% of this guaranteed amount has been borrowed to date. In 2009 this amount was BRL 79 million (€ 31.6 million).

The carrying amount of financial assets represents the maximum credit exposure. At balance sheet date, the maximum exposure to credit risk was:

	2010	2009
Loans and receivables:		
(Un)billed receivables	**591,985**	555,090
Other receivables	**18,712**	13,104
Other non-current assets	**24,404**	19,818
Derivatives	**456**	1,284
Loans to associates	**1,620**	1,970
	637,177	591,266
Cash and cash equivalents	**207,766**	224,509
	844,943	815,775

The credit risk of cash and cash equivalents is the risk that counter parties are not able to repay amounts owed to ARCADIS upon request of ARCADIS. The objective of ARCADIS is to minimize credit risk exposure in cash and cash equivalents by investing in liquid securities and entering into transactions involving derivative financial instruments only with counterparties that have sound credit ratings and good reputation. The related risk is monitored on an ongoing basis both at local entity and corporate level. ARCADIS keeps approximately 65% of its cash reserves at our core banks and only invests in liquid securities with counterparties that have an investment grade rating from S&P, Moody's or Fitch. Management monitors these ratings and does not expect any such counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that ARCADIS will not be able to meet its financial obligations as they fall due. The primary objective of liquidity management is providing for sufficient cash and cash equivalents to enable ARCADIS to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to ARCADIS.

The Company maintains the following lines of credit:

- Utilized Term Loans amounting to $ 450 million (2009: $ 450 million) paying a USD LIBOR denominated rate. During 2010 the company utilized $ 20 million of an available $ 30 million Revolving Credit Facility (2009: utilization was nil).
- There are € 38 million of undrawn committed facilities attracting an interest rate that is EURIBOR-denominated (2009: € 38 million, nil utilization).
- Uncommitted multicurrency facilities of € 61 million (2009: € 76 million) with a consortium of banks. The interest rate on the uncommitted facilities is EONIA-denominated. At the end of both 2010 and 2009 uncommitted facilities were unused.

- A € 50 million guarantee facility with one bank. The interest paid on this guarantee facility amounts to 0.35% of the utilized part of the facility. At end 2010, € 43.2 million (2009: € 36.2 million) of this facility was used.
- Additionally there are several other facilities dealing with both loans and guarantees, totaling € 106.2 million, and as at end 2010 € 86.4 million was used (2009 € 96.8 million of which € 71.0 million was used).

Over the course of the year, considerable fluctuations occur in the working capital needed to finance operations. Also acquisitions may lead to increases in borrowed capital. ARCADIS strives to have a good liquidity position at all times, strictly controlling working capital by optimizing billing and collection and consequently maintaining a healthy interest coverage and net debt to EBITDA ratio.

The following table describes, as of December 31, 2010, our commitments and contractual obligations for the following five years and thereafter. The long-term debt obligations are our cash debt service obligations. Operating lease obligations are the future minimum rental payments required under the operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of December 31, 2010.

Contractual obligations 2010	Payments due by period				
	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	265,819	63,718	90,491	51,764	59,846
Capital (finance) lease obligations	598	203	390	5	
Foreign exchange contracts:					
- outflow	155,411	154,103	1,308		
- inflow	(150,525)	(149,111)	(1,414)		
Interest rate swaps:					
- outflow	15,148	5,225	9,563	360	
- inflow	(7,932)	(868)	(6,555)	(509)	
After-payments for acquisitions	11,128	6,694	4,316	118	
Interest	32,576	12,006	14,276	3,904	2,390
Other long term liabilities	381,005	67,868	211,245	101,585	307
Short-term bank debt	12,663	12,663			
Total	**715,891**	**172,501**	**323,620**	**157,227**	**62,543**

Contractual obligations 2009	Payments due by period				
	Carrying amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	235,774	60,767	88,074	41,315	45,618
Capital (finance) lease obligations	1,236	563	622	51	
After-payments for acquisitions	29,072	23,387	5,567	118	
Interest	57,435	11,794	21,103	15,512	9,026
Other long-term liabilities	340,080	5,037	169,237	112,010	53,796
Short-term bank debt	14,949	14,949			
Total	678,546	116,497	284,603	169,006	108,440

Market risk

Market risk includes currency risk and interest rate risk and comprises the risk that changes in market prices, such as foreign exchange rates and interest rates will affect ARCADIS' income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

Trade and financing transactions in non-functional currencies (transaction risk)
The subsidiaries of ARCADIS mainly operate in local markets, and as such both sales invoices and purchase invoices are mainly denominated in local currencies. In some instances however, invoices are in the functional currency of the counter party, which results in a currency exposure for the subsidiary. The exposure to currency risk on sales and costs denominated in another currency than the respective functional currencies of the subsidiaries is very limited. Only in limited cases e.g. for material transactions, the company enters into forward contracts in order to hedge transaction risks.

The Company also has some exposure to currency risk for borrowings that are denominated in another currency than the functional currency. This relates to intercompany loans of € 48 million for a company which has the British pound as functional currency and $ 91 million for a company with a euro functional currency.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily the euro and US dollar.

The Company has an exposure with respect to balance sheet positions in foreign currencies which are different than respective functional currencies of the subsidiaries. For the main currencies the following positions per currency (translated in a notional amount in euros) were included in the balance sheet:

Notional amounts in thousends of euros

December 31, 2010	EUR	USD	GBP	CNY	BRL
Trade receivables	**10,696**	**14,281**	**2,057**	**3,898**	
Cash and cash equivalents	**1,589**	**17,965**	**1,139**		
Derivatives	**(5,320)**	**(31,696)**			**(20,040)**
Loans and borrowings	**(48,000)**	**2,879**			**18,014**
Trade payables	**(3,889)**	**(450)**			
Balance exposure	**(44,924)**	**2,979**	**3,196**	**3,898**	**(2,026)**
December 31, 2009					
Trade receivables	5,911	7,473	2,322	3,779	
Cash and cash equivalents	1,314	58,262			
Derivatives	(7,920)	(53,899)			
Loans and borrowings	(52,000)	67,317	(713)		
Trade payables	(4,031)	(396)	(76)		
Balance exposure	(56,726)	78,757	1,533	3,779	

The following significant exchange rates applied during the year:

EUR per unit	2010		2009	
	Average	Ultimo	Average	Ultimo
US dollar (USD)	**0.75**	**0.75**	0.72	0.70
Pound Sterling (GBP)	**1.17**	**1.17**	1.12	1.13

The Group uses derivatives in order to manage market risks associated with changes in both foreign exchange rates as well as interest rates. All transactions are carried out in accordance with Group Treasury Policy guidelines. The group seeks to apply hedge accounting where possible to manage volatility in profit or loss.

Sensitivity analysis
A 10 percent strengthening of the euro against the US dollar at December 31, 2010, with all other variables held constant, would have increased profit and loss by € 0.3 million, while the impact on equity would be nil. At December 31, 2009, the impact on profit and loss would have been a loss of € 7.9 million, while the impact on equity would be nil. A 10 percent strengthening of the euro against the Pound Sterling at December 31, with all other variables held constant, would have increased profit and loss by € 0.4 million, while the impact on equity would be a gain of € 5.3 million. At December 31, 2009, the impact on profit and loss would have been a loss of € 0.2 million, while the impact on equity would be a gain of € 5.3 million.

The analysis above assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009. Loans and borrowings in the UK subsidiary, which were denominated in euros, relate to intercompany financing, and the related exchange rate differences are recognized directly in equity as part of the investment in that company.

Translation risk related to investments in foreign subsidiaries, associates and joint ventures

ARCADIS has subsidiaries with a functional currency other than the euro. As a result the consolidated financial statements of ARCADIS are exposed to translation risk related to equity, intercompany loans of a permanent nature, and earnings of foreign subsidiaries and investment in associates and joint ventures. The Company does not use financial instruments to hedge this risk.

Sensitivity analysis
A 10 percent strengthening / weakening of the euro against the US dollar at December 31, with all other variables held constant would have increased / decreased net income by € 3.4 million (2009 € 3.3 million), while equity would have been € 3.0 million higher / lower (2009: € 0.2 million). A 10 percent strengthening / weakening of the euro against the Pound Sterling at December 31, with all other variables held constant would have increased / decreased net income by € 0.5 million (2009: € 0.5 million), while equity would have been € 4.4 million higher / lower (2009: € 5.5 million).

Interest rate risk

ARCADIS manages interest rate risks by financing fixed assets and part of current assets with shareholders' equity, provisions and long-term debt. The remainder of current assets is financed with short-term debt including revolving bank credits with variable interest rates. Based on our interest risk profile, financial instruments were used during 2010 to cover part of the interest rate risk on long-term financing. This risk is applicable to long-term debt, short-term debt and bank overdrafts in our balance sheet amounting to € 415.2 million at year-end 2010 (2009: € 374.6 million).

Floating rate debt results in cash flow interest rate risk. In order to achieve a mix of fixed and floating rate exposure within the Company's policy, a number of interest rate swap contracts were entered into. No changes were made to interest rate derivatives transacted by ARCADIS in 2010. In 2009 ARCADIS swapped $ 305 million floating rate US-LIBOR debt into US fixed rate debt at an average fixed rate of 2.25%. These derivatives have a remaining duration of 2.7 years as at end 2010.

Treasury policy states that the net Fixed Debt ratio should be at least 60% to protect against increases in interest rates as well as providing some certainty on expectations for interest expense in profit or loss. ARCADIS has been compliant with this policy during 2010.

Sensitivity analysis

At December 31, 2010 if interest rates had been 10 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been € 0.0 million (2009: € 0.1 million) higher/lower, as a high percentage of ARCADIS net debt has been fixed. In 2010, there would also have been a higher/lower change in equity of € 0.6 million (2009: € 0.6 million) reflecting a change in valuation of IRS transactions at year end used to hedge interest rate risk. The Company has outstanding interest rate swaps with a $ 305 million notional amount which remained outstanding throughout 2010. These derivatives limit the exposure the Company runs to changes in US floating interest rates on its floating debt portfolio.

Capital risk management

ARCADIS' objectives when managing capital are to safeguard ARCADIS' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that optimizes its cost of capital.

ARCADIS sets the amount of capital in proportion to risk. ARCADIS manages the capital structure and makes adjustments to it based on changes in economic conditions and the risk characteristics of the underlying assets. The capital structure can be altered by adjusting the amount of dividends paid to shareholders, return capital to capital providers, or issue new debt or shares. From time to time, ARCADIS purchases its own shares, which are used for issuing shares under the ARCADIS' share option program.

Consistent with the debt covenants agreed with the banks, ARCADIS monitors capital on the basis of the net debt to EBITDA ratio. This ratio is calculated as interest bearing debt minus cash and cash equivalents divided by EBITDA. EBITDA is calculated as earnings before interest, tax, depreciation and amortization.

There were no changes in ARCADIS' approach to capital management during the year. The Company and its subsidiaries are not subject to external capital requirements, other than debt covenants as disclosed in the notes to these financial statements.

During 2010, ARCADIS' strategic goal on financing, which was unchanged from 2009, was to maintain a net debt to EBITDA ratio not greater than 2.0 in order to secure access to finance at a reasonable cost. The net debt to EBITDA ratios at December 31, 2010 and at December 31, 2009 were as follows:

In millions of euros	December 31, 2010	December 31, 2009
Long-term debts	**318.2**	342.1
Current portion of long-term debt	**68.1**	5.6
Bank overdraft and short-term bank debt	**22.2**	26.9
Total debt	**408.5**	374.6
Less: cash and cash equivalents	**(207.8)**	(224.5)
Net debt	**200.7**	150.1
EBITDA*	**165.5**	146.0
Net debt to EBITDA ratio according to bank agreements	**1.43**	1.04

* The calculation of the net debt to EBITDA ratio is adjusted for income acquired through business combinations in order to bring nominator and denominator both at the same level of activities.

The increase in the net debt to EBITDA ratio during 2010 partially reflected the impact of stronger US dollar debt at end 2010, together with lower cash at year end compared with 2009.

Fair value

The fair values of financial assets and liabilities, together with the carrying amounts recognized in the balance sheet, are as follows:

December 31, 2010	Carrying amount	Out of Scope IFRS 7	Carrying value per IAS 39 category				Fair value
			Loans and receivables/ other liabilities	Fair value through Profit and Loss	Fair value through equity	Total	
Investments in associates	30,493	30,493					
Other investments	193				193	193	193
Other non-current assets	24,404		24,404			24,404	24,404
(Un)billed receivables							
- Trade receivables	330,315		330,315			330,315	330,315
- Unbilled receivables	256,586		256,586			256,586	256,586
Derivatives	456			86	370	456	456
Cash and cash equivalents	207,766		207,766			207,766	207,766
Total financial assets	**850,213**	**30,493**	**819,071**	**86**	**563**	**819,720**	**819,720**
Loans and borrowings							
- Long term	318,204		318,204			318,204	312,961
- Current	68,071		68,071			68,071	68,150
Derivatives	11,053			3,857	7,196	11,053	11,053
Billing in excess of cost	157,161		157,161			157,161	157,161
Accounts payable	139,760		139,760			139,760	139,760
Bank overdrafts and short-term borrowings	22,197		22,197			22,197	22,197
Total financial liabilities	**716,446**		**705,393**	**3,857**	**7,196**	**716,446**	**711,282**

December 31, 2009	Carrying amount	Out of Scope IFRS 7	Carrying value per IAS 39 category				Fair value
			Loans and receivables/ other liabilities	Fair value through Profit and Loss	Fair value through equity	Total	
Investments in associates	26,221	26,221					
Other investments	211				211	211	211
Other non-current assets	19,818		19,818			19,818	19,818
(Un)billed receivables							
- Trade receivables	313,798		313,798			313,798	313,798
- Unbilled receivables	235,072		235,072			235,072	235,072
Derivatives	1,309			100	1,209	1,309	1,309
Cash and cash equivalents	224,509		224,509			224,509	224,509
Total financial assets	820,938	26,221	793,197	100	1,420	794,717	794,717
Loans and borrowings							
- Long term	342,056		342,056			342,056	328,488
- Current	5,600		5,600			5,600	5,600
Derivatives	3,529			2,630	899	3,529	3,529
Billing in excess of cost	158,777		158,777			158,777	158,777
Accounts payable	128,940		128,940			128,940	128,940
Bank overdrafts and short-term borrowings	26,906		26,906			26,906	26,906
Total financial liabilities	665,808		662,279	2,630	899	665,808	652,240

Fair value hierarchy

The financial instruments carried at fair value are analyzed by valuation method, using the following levels:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value within the Company are categorized in level 2.

The fair value of forward exchange contracts is based on quoted market prices at the balance sheet date, being the present value of the quoted forward price. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the term and maturity of the contract, using market interest rates.

The fair value of interest rate swaps is based on bank valuations. These valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at measurement date.

For loans and receivables fair value is determined for disclosure purposes based on the present value of future principal and interest cash flows, discounted at the company specific market rate of interest at reporting date. For financial leases the market rate of interest is determined by reference to similar lease agreements.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at reporting date. Due to the short-term character of the receivables, the fair value equals the carrying value.

ARCADIS has not applied the fair value option allowed under IFRS and does not have financial instruments which were held for trading. The only financial instruments accounted for at fair value through profit and loss are derivative financial instruments.

Financial income and expense

Recognized in profit or loss	2010	2009
Interest income on bank deposits	**3,469**	4,375
Foreign exchange differences on financial liabilities	**5,291**	1,994
Fair value changes of derivatives	**(5,111)**	4,896
Financial expense	**(21,963)**	(14,902)
Net finance cost	**(18,314)**	(3,637)

Recognized directly in equity	2010	2009
Currency translation differences for foreign operations	**6,737**	10,323

The foreign currency translation differences in ARCADIS' net investments in foreign operations with a functional currency other than the euro are recognized in equity under Translation reserve.

Company statement of financial position as at December 31

Before allocation of profit

In EUR 1,000

Assets	Note	2010	2009
Non-current assets			
Intangible assets	35	**397**	460
Property, plant & equipment	36	**1,400**	734
Investment in subsidiaries	37	**167,850**	132,156
Other investments	38	**21,949**	5,213
Deferred tax assets	42	**9,227**	5,112
Derivatives	13		19
Total non-current assets		**200,823**	143,694
Current assets			
Derivatives		**74**	2,494
Receivables	39	**229,464**	207,303
Corporate tax assets			3,377
Cash and cash equivalents		**55,227**	95,892
Total current assets		**284,765**	309,066
Total assets		**485,588**	452,760

Equity and liabilities	Note	2010	2009
Shareholders' equity			
Share capital		**1,354**	1,354
Share premium		**106,788**	106,788
Translation reserve		**(20,858)**	(28,397)
Statutory reserves		**52,243**	38,501
Hedging reserve		**(3,943)**	78
Retained earnings		**183,286**	160,627
Undistributed profits		**73,930**	72,753
Total Shareholders' equity	40	**392,800**	351,704
Non-current liabilities			
Provisions	41	**3,990**	7,125
Deferred tax liabilities	42	**242**	1,669
Long-term debt			72,611
Derivatives			19
Total non-current liabilities		**4,232**	81,424
Current liabilities			
Corporate tax liabilities		**4,622**	1,542
Derivatives	13	**1,300**	2,746
Trade and other liabilities	43	**82,634**	15,344
Total current liabilities		**88,556**	19,632
Total equity and liabilities		**485,588**	452,760

Company statement of income at December 31

	Note	2010	2009
Net income subsidiaries	44	**49,371**	56,576
Other results	44	**24,559**	15,947
Net income		**73,930**	72,523

The notes on page 109 to 113 are an integral part of these company financial statements

Notes to the company financial statements

General

Unless stated otherwise, all amounts are rounded in thousands of euros.

The company financial statements have been prepared using the option of section 362 of Book 2 of the Netherlands Civil Code, meaning that the accounting principles used are the same as for the consolidated financial statements. Foreign currency amounts have been translated, assets and liabilities have been valued, and net income has been determined, in accordance with the principles of valuation and determination of income presented in note 2 and 3 to the consolidated financial statements. Subsidiaries of ARCADIS NV are accounted for using the equity method. The balance sheet presentation slightly deviates from the requirements of Dutch law, in order to achieve optimal transparency between the Consolidated financial statements and the company financial statements.

As the financial data of ARCADIS NV are included in the consolidated financial statements, the statement of income of ARCADIS NV is condensed in conformity with section 402 of Book 2 of the Netherlands Civil Code.

35 Intangible assets

	Software
Cost	
Balance at January 1, 2009	3,860
Investments	501
Balance at December 31, 2009	4,361
Balance at January 1, 2010	**4,361**
Investments	**119**
Divestments	**(49)**
Balance at December 31, 2010	**4,431**
Amortization	
Balance at January 1, 2009	3,797
Amortization charge for the year	104
Balance at December 31, 2009	3,901
Balance at January 1, 2010	**3,901**
Amortization charge for the year	**182**
Divestments	**(49)**
Balance at December 31, 2010	**4,034**
Carrying amounts	
At January 1, 2009	63
At December 31, 2009	460
At January 1, 2010	460
At December 31, 2010	**397**

36 Property, plant & equipment

	Furniture and fixtures
Cost	
Balance at January 1, 2009	984
Investments	162
Divestments	(1)
Balance at December 31, 2009	1,145
Balance at January 1, 2010	**1,145**
Investments	**838**
Divestments	**(33)**
Balance at December 31, 2010	**1,950**
Depreciation	
Balance at January 1, 2009	292
Depreciation charge for the year	120
Divestments	(1)
Balance at December 31, 2009	411
Balance at January 1, 2010	**411**
Depreciation charge for the year	**170**
Divestments	**(31)**
Balance at December 31, 2010	**550**
Carrying amounts	
At January 1, 2009	692
At December 31, 2009	734
At January 1, 2010	734
At December 31, 2010	**1,400**

37 Investments in subsidiaries

	2010	2009
Balance at January 1	**132,156**	62,214
Share in income	**49,371**	56,576
Cost of share-based payments recognized in subsidiaries	**5,591**	7,328
Exchange rate differences	**617**	9,952
Dividends received	**(20,000)**	(5,000)
Other changes	**115**	1,086
Balance at December 31	**167,850**	132,156

38 Other investments

	2010	2009
Balance at January 1	**5,213**	37,529
Loans issued to subsidiaries	**19,745**	-
Redemptions	**(4,114)**	(32,040)
Exchange rate differences	**1,105**	(276)
Balance at December 31	**21,949**	5,213

39 Receivables

	2010	2009
Receivables from subsidiaries	**229,191**	206,728
Taxes and social security contributions	**252**	123
Other receivables	**21**	452
Balance at December 31	**229,464**	207,303

40 Shareholders' equity

	Share capital	Share premium	Hedging reserve	Translation reserve	Statutory reserve	Retained earnings	Undistributed profits	Total
Balance at January 1, 2009	1,239	36,193		(40,213)	24,120	128,916	57,330	207,585
Profit for the period							72,753	72,753
Exchange rate differences				11,816				11,816
Effective portion of changes in fair value of cash flow hedges			78					78
Tax related to share-based payments						3,117		3,117
Other comprehensive income			78	11,816		3,117		15,011
Total comprehensive income for the period			78	11,816		3,117	72,753	87,764
Share-based payments						9,341		9,341
Dividends to shareholders							(27,060)	(27,060)
Issuance of shares	115	70,595						70,710
Addition to other (statutory) reserves					14,381	15,889	(30,270)	
Options exercised						3,364		3,364
Balance at December 31, 2009	1,354	106,788	78	(28,397)	38,501	160,627	72,753	351,704
Balance at January 1, 2010	**1,354**	**106,788**	**78**	**(28,397)**	**38,501**	**160,627**	**72,753**	**351,704**
Profit for the period							**73,930**	**73,930**
Exchange rate differences				**7,539**				**7,539**
Effective portion of changes in fair value of cash flow hedges			**(4,021)**					**(4,021)**
Tax related to share-based payments						**1,034**		**1,034**
Other comprehensive income			**(4,021)**	**7,539**		**1,034**		**4,552**
Total comprehensive income for the period			**(4,021)**	**7,539**		**1,034**	**73,930**	**78,482**
Share-based payments						**7,273**		**7,273**
Dividends to shareholders							**(29,867)**	**(29,867)**
Addition to other (statutory) reserves					**13,742**	**27,979**	**(42,886)**	**(1,165)**
Purchase of own shares						**(18,671)**		**(18,671)**
Options exercised						**5,044**		**5,044**
Balance at December 31, 2010	**1,354**	**106,788**	**(3,943)**	**(20,858)**	**52,243**	**183,286**	**73,930**	**392,800**

Statutory reserves include € 23.5 million for reserves relating to earnings retained by subsidiaries and € 28.7 million for earnings from associates and joint ventures. Statutory reserves are non-distributable.

For information on shares purchased to cover the company's option plans, see note 18 of the consolidated financial statements.

41 Provisions

	Deferred compensation	Litigation	Other	Total
Balance at January 1, 2010	825	6,300	325	7,450
Additions	165			165
Releases		(3,300)	(325)	(3,625)
Balance at December 31, 2010	**990**	**3,000**		**3,990**
Non-current	**990**	**3,000**		**3,990**
Current	**-**	**-**		**-**
	990	**3,000**		**3,990**

The opening balance of provisions includes a current portion of € 325 thousand, which in the balance sheet is included in other liabilities. The provision for deferred compensation relates to a relatively small number of staff that is eligible for jubilee payments.

42 Deferred tax assets and liabilities

	Deferred tax assets	Deferred tax liabilities	Total
Balance at January 1, 2009	1,856		1,856
Additions	1,315	(300)	1,015
Deductions	(133)		(133)
Changes recognized directly in equity	2,074	(1,369)	705
Balance at December 31, 2009	5,112	(1,669)	3,443
Balance at January 1, 2010	**5,112**	**(1,669)**	**3,443**
Additions	**2,065**	**325**	**2,390**
Deductions			
Changes recognized directly in equity	**2,050**	**1,102**	**3,152**
Balance at December 31, 2010	**9,227**	**(242)**	**8,985**

43 Trade and other liabilities

	2010	2009
Bank overdrafts	**67**	4,376
Suppliers	**2,071**	1,251
Payable to group companies	**75,159**	6,758
Pension liabilities	**1,333**	370
Other liabilities	**4,004**	2,589
Balance at December 31	**82,634**	15,344

The short-term credit facilities total € 61 million (2009: € 76 million). No current receivables or other assets have been pledged. Additionally there are € 38 million of undrawn committed facilities attracting an interest rate that is EURIBOR-denominated (2009: € 38 million, nil utilization).

Commitments and contingent liabilities

The Company is for income tax purposes the parent of the fiscal unit ARCADIS NV and is therefore liable for the liabilities of the fiscal unit as a whole.

Ultimo 2010 the Company had commitments for rent and lease obligations amounting to € 8.5 million (2009: € 2.7 million). The increase related mainly to the new leaseholds on buildings.

At December 31, 2010, guarantees were issued on behalf of associates to the amount of € 49.5 million, relating to the activities in the associate Retiro Baixo (December 31, 2009 € 31.6 million).

Guarantees

ARCADIS NV has pledged guarantees for the short-term credit facilities that are available for use to its operating companies. The total amount available under these facilities is € 111 million of which € 43.2 million was used at the balance sheet date (2009: € 126 million of which € 26.2 million was used).

44 Net income

Net income of subsidiaries is the share of ARCADIS NV in the results of its subsidiaries. Other results relate to the financial performance of ARCADIS NV, and mainly include intercompany financial income such as management fees and royalty and branding fees, and the fair value change of the interest rate currency swaps for the $ 350 million loan.

45 Remuneration of Executive Board and Supervisory Board

In 2010 an amount of € 3.1 million (2009: € 2.2 million) was charged to the Company for remuneration of the Executive Board members including pension charges. The total remuneration also includes a severance payment of € 0.3 million for mr. Ben van der Klift. As variable remuneration, 61,200 performance shares, 122,400 performance options, and 30,000 unconditional options were granted. Reference is made to the remuneration report. For information on the shares repurchased to cover for the exercise of options granted to the Executive Board Members and other key management personnel please see note 18 of the consolidated financial statements. In the schedule below, the different components of the remuneration for each Executive Board member are provided.

For an explanation of the remuneration policy, see the remuneration report included in this annual report on pages 55 to 58.

Amounts in thousands of euros	Year	Salary	Bonus [1]	Pension	Performance shares		Performance options	
					Number	Amount [2]	Number	Amount [2]
Harrie L.J. Noy	2010	438	234	111	18,000	162	36,000	90
	2009	417	225	100	18,000	123	36,000	68
Steven B. Blake [3]	2010	396	227		10,800	97	21,600	54
C. Michiel Jaski [4]	2010	234	62	45				
	2009	312	156	54	10,800	74	21,600	41
Ben A. van der Klift [5]	2010	104	42	20				
	2009	312	156	54	10,800	74	21,600	41
Friedrich M.T. Schneider	2010	330	175	53	10,800	97	21,600	54
	2009	312	156	48	10,800	74	21,600	41
Renier Vree [6]	2010	197	102	28	21,600	194	73,200 [7]	221

1. The bonus is based on the results achieved in 2010 respectively 2009. This bonus is paid in 2011 respectively 2010.
2. This amount is charged over a 3-year period to the Company's statement of income.
3. Member of the Executive Board since January 1, 2010.
4. Stepped down from the Executive Board per October 1, 2010.
5. Stepped down from the Executive Board per May 1, 2010; salary 2010 is excluding severance payment of € 0.3 million.
6. Member of the Executive Board since June 1, 2010.
7. Includes 30,000 unconditional options.

Currently, the Supervisory Board consists of seven members. The joint fixed remuneration for 2010 totaled € 0.3 million (2009: € 0.3 million), specified as follows.

Amounts in thousands of euros	2010	2009
Rijnhard W.F. van Tets	**50**	53
Carlos Espinosa de los Monteros (till May 12, 2010)	**24**	47
Ian Grice (as per May 12, 2010)	**31**	
Ruth Markland (as of May 7, 2009)	**49**	42
George R. Nethercutt	**54**	54
Jan Peelen (till May 12, 2010)	**18**	35
Armando R. Pérez	**67**	
Gerrit Ybema	**35**	35
J.C. Maarten Schönfeld	**38**	38

46 Interests held by members of the Executive Board

The interests held in the share capital of ARCADIS NV by members of the Executive Board were:

Shares ARCADIS NV	December 31, 2010	December 31, 2009
Harrie L.J. Noy	**198,010**	162,367
Steven Blake	**73,040**	54,606
Friedrich M.T. Schneider	**19,851**	9,262
Renier Vree		
Conditional shares ARCADIS NV*		
Harrie L.J. Noy	**54,000**	66,000
Steven Blake	**27,900**	34,200
Friedrich M.T. Schneider	**32,400**	36,600
Renier Vree	**21,600**	

* Amounts based on granting of 100% of the reference numbers, with maximal extention to 150%. See note 18 to the consolidated financial statements.
The conditional shares granted in 2006 became unconditional in May 2009.
For description of the plan, please refer to the paragraph "long-term variable remuneration" on page 56 of this annual report.

In 2010, the aggregate numbers of (conditional) stock options held by the members of the Executive Board are as follows:

	Granted in	Exercise price in €	Outstanding at January 1, 2010	Granted in 2010	Increase by performance measure	Exercised in 2010	Outstanding at December 31, 2010	Expiration date
Harrie L.J. Noy	2003	2.98	52,500			52,500		05-13-2013
	2005	5.98	99,999				99,999	05-10-2015
	2006	12.38	75,000				75,000	05-18-2016
	2007	19.89	75,000		12,525		87,525	05-18-2017
	2008	13.03	36,000				36,000	05-09-2018
	2009	10.91	36,000				36,000	05-09-2019
	2010	14.33		36,000			36,000	05-14-2020
Steven Blake	2002	3.6	39,000				39,000	05-22-2012
	2003	2.98	45,000				45,000	05-13-2013
	2005	5.98	39,000				39,000	05-10-2015
	2006	12.38	39,000				39,000	05-18-2016
	2007	19.89	30,341				30,341	05-18-2017
	2008	13.03	19,200				19,200	05-09-2018
	2009	10.91	19,200				19,200	05-09-2019
	2009	12.33	100,000				100,000	05-09-2019
	2010	14.33		21,600			21,600	05-14-2020
Friedrich M.T. Schneider	2006	12.38	37,500				37,500	05-18-2016
	2007	19.89	37,500		6,262		43,762	05-18-2017
	2008	13.03	21,600				21,600	05-09-2018
	2009	10.91	21,600				21,600	05-09-2019
	2010	14.33		21,600			21,600	05-14-2020
Renier Vree	2010	14.33		73,200			73,200	05-14-2020

47 Shares and options held by members of the Supervisory Board

Members of the Supervisory Board hold no ARCADIS options or shares.

48 Employees

The number of employees (fte) in ARCADIS NV in 2010 was 40 (2009: 42).

For information on the options granted to employees of ARCADIS NV (excluding members of the Executive Board) as meant by Book 2 of the Netherlands Civil Code article 383d paragraph 1, see note 25 to the consolidated financial statements.

49 Principal accountant fees and services

The following table details the aggregate fees billed by our external accountant, KPMG Accountants N.V. including the foreign offices of KPMG, for the last two fiscal years for various services (in millions of €):

Type of services provided	2010	2009
Audit fees	**1.9**	2.1
Audit-related fees [1]	**0.5**	0.2
Tax fees [2]	**0.4**	0.5
Other non-audit fees [3]	**0.3**	0.4
	3.1	**3.2**

[1] Audit-related fees for the years ended December 31, 2010 and 2009 consist of fees for services that are traditionally performed by the independent accountants. These services include accounting consultations, internal control reviews on implementation of information systems, services regarding management's report, consultations concerning financial accounting and reporting standards, audits in connection with acquisitions or divestments and special purpose IT audits or review of setup of IT systems.

[2] Tax fees for the years ended December 31, 2010 and 2009 consist of fees expensed for tax consultations.

[3] Other non-audit fees for due dilligence.

Amsterdam, the Netherlands, March 4, 2011

Executive Board
Harrie L.J. Noy
Steven B. Blake
Friedrich M.T. Schneider
Renier Vree

Supervisory Board
Rijnhard W.F. van Tets
Ruth Markland
George R. Nethercutt Jr.
Gerrit Ybema
J.C. Maarten Schönfeld
Armando R. Pérez
Ian Grice

Other information

Profit allocation

Article 27 of the Articles of Association stipulates, among other things, that the Executive Board with the approval of the Supervisory Board shall annually propose which part of the profit shall be allocated to the reserves. The remaining part of the profit shall be at the disposal of the Annual General Meeting of Shareholders.

The Executive Board with the approval of the Supervisory Board proposes to present for acceptance to the Annual General Meeting of Shareholders to reserve an amount of € 47.3 million and distribute a dividend amount of € 31.1 million from the profits of the fiscal year 2010, amounting to € 73.9 million, which represents a dividend of € 0.47 per share.

Audit Committee pre-approval policies and procedures

The Audit Committee of the Supervisory Board has adopted a charter that details the duties and responsibilities of the Audit Committee. These duties and responsibilities include, among other things, reviewing and monitoring the financial statements and internal accounting procedures, approving the scope and terms of audit services to be provided by the independent auditor and monitoring the services provided by the independent auditor. All non-audit services provided by the independent auditor must be pre-approved by the Audit Committee. The Audit Committee will consider whether the provision of such services by the auditor is compatible with the auditor's independence.

Special rights to holders of priority shares

The priority shares are held by 'Stichting Prioriteit ARCADIS NV, whose board is composed by 20 members. They each have one vote on the board of the Foundation. The Stichting Prioriteit ARCADIS NV has special statutory rights, which includes approval of the amendment of the Articles of Association of ARCADIS NV, and certain other events, which have been described in note 18 to the consolidated financial statements.

Independent auditor's report

Report on the financial statements

We have audited the accompanying financial statements for the year ended December 31, 2010 of ARCADIS N.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2010, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of ARCADIS N.V. as at December 31, 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of ARCADIS N.V. as at December 31, 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, the Netherlands, March 4, 2011

KPMG ACCOUNTANTS N.V.
R.P. Kreukniet RA

Ten-year summary

These figures are derived from the published financial statements of the years concerned.

Consolidated balance sheet	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Intangible assets	**373.4**	342.7	249.3	226.9	154.2	127.9	55.4	41.4	12.7	7.6
Property, plant & equipment	**93.4**	84.8	66.5	63.9	55.0	56.0	43.6	44.9	41.2	37.8
Investments in associates	**30.7**	26.2	15.7	20.0	5.2	7.5	5.6			
Other non-current assets	**24.4**	20.0	15.0	8.0	12.0	12.6	8.1	12.4	9.6	6.4
Deferred tax assets	**29.1**	18.0	12.2	14.1	8.3	13.2	9.7			
Derivatives	**0.1**	1.2	3.8							
Total non-current assets	**551.1**	492.9	362.5	332.9	234.7	217.1	122.4	98.7	63.4	51.8
Inventories	**0.4**	0.5	0.8	0.7	0.5	0.4	0.5	15.2	21.5	27.5
Derivatives	**0.4**	0.10	0.20	-	-	1.7	-			
(Un)billed Receivables	**636.3**	591.0	570.6	492.3	397.3	353.0	271.3	202.1	205.7	187.0
Corporate income tax receivable	**4.1**	6.2	6.4	3.2	2.6	4.0	-			
Assets classified as held for sale	**24.4**									
Cash and cash equivalents	**207.8**	224.5	117.9	92.6	101.5	73.9	48.2	31.3	53.2	43.7
Total current assets	**873.4**	822.3	695.9	588.8	501.8	433.0	320.0	248.6	280.4	258.2
Total assets	**1,424.5**	1,315.2	1,058.4	921.7	736.5	650.1	442.3	347.3	343.8	310.0
Shareholders' equity	**392.8**	351.7	207.6	187.7	188.9	176.2	136.4	136.5	134.7	133.7
Non-controlling interest	**18.4**	16.8	12.3	11.5	11.8	11.9	9.0	7.6	7.1	6.1
Total equity	**411.2**	368.5	219.9	199.2	200.7	188.1	145.4	144.1	141.8	139.8
Provisions	**26.6**	28.4	26.7	15.7	19.9	15.8	27.4	20.0	13.5	13.1
Deferred tax liabilities	**11.0**	10.8	6.0	14.7	20.4	26.3	12.1			
Loans and borrowings	**318.2**	342.1	266.8	165.1	119.3	116.1	13.0	29.7	27.6	22.0
Derivatives	**7.2**	0.8	16.9	21.2	5.8	-	-			
Total non-current liabilities	**363.0**	382.1	316.4	216.7	165.5	158.2	52.5	49.7	41.1	35.1
Billing in excess of cost	**157.2**	158.8	182.7	142.9	111.9	89.3	40.3			
Corporate tax payable	**14.8**	7.4	18.7	17.2	1.9	8.2	9.9			
Trade and other liabilities	**455.1**	398.4	320.7	345.7	256.5	206.4	194.3	153.5	160.9	135.1
Liabilities classified as held for sale	**23.2**									
Total current liabilities	**650.3**	564.6	522.1	505.8	370.3	303.8	244.5	153.5	160.9	135.1
Total equity and liabilities	**1,424.5**	1,315.2	1,058.4	921.7	736.5	650.1	442.3	347.3	343.8	310.0
Total equity as % of balance sheet total	**29**	28	21	22	27	29	33	41	41	45
Interest coverage ratio	**7**	10	7	14	17	17	10	13	19	15
Net debt to EBITDA ratio	**1.3**	1.1	1.2	1.1	0.4	0.6	(0.1)	0.7	0.7	0.6
Acquisitions	**50.6**	92.8	84.8	98.0	53.8	80.9	17.3	46.1	16.2	5.6
Investments	**35.7**	26.3	28.4	33.3	19.3	17.7	12.5	18.2	14.2	15.3
Depreciation	**27.3**	24.5	23.3	20.4	17.7	15.2	15.7	16.1	15.9	15.4
Cash flow (net income + amortization and depreciation)	**107.5**	104.4	92.8	87.5	70.9	54.6	38.3	38.6	40.8	40.6
Net cash provided by operating activities	**91.8**	152.5	80.5	78.9	86.4	66.8	44.8	59.1	45.8	49.7
Average number of employees (in thousands)	**14,590**	13,519	13,180	11,304	9,685	9,208	9,419	8,827	8,020	7,619
Total shares issued (x 1,000)*	**67,676**	67,676	61,937	61,937	61,937	61,937	61,937	61,293	60,891	60,855
Maximum increase from exercising options	**8,113**	8,311	5,725	5,117	3,810	4,311	3,801	4,683	3,402	2,076

* All total shares, share amounts, per share ratio's and closing prices are retrospectively adjusted for the share split of May 2008.
The 2003 and prior financial data are not adjusted to comply with the International Financial Reporting Standards (IFRS).
These figures are derived from the published financial statements of the years concerned.

amounts in millions of euros
unless otherwise stated

Consolidated statement of income	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Gross revenue	**2,002.8**	1,785.8	1,739.9	1,510.2	1,233.0	1,001.1	900.8	840.6	819.1	797.4
Materials, services of third parties and subcontractors	**(628.1)**	(568,2)	(578.0)	(505.8)	(395.6)	(297.8)	(268.2)	(245.2)	(241.4)	(233.9)
Net revenue	**1,374.7**	1,217.6	1,161.9	1,004.5	837.5	703.3	632.5	595.4	577.8	563.5
Personnel costs	**(983.2)**	(865.5)	(801.2)	(693.3)	(581.3)	(484.5)	(448.7)	(428.8)	(413.4)	(404.4)
Other operational costs	**(228.6)**	(207.7)	(207.6)	(185.2)	(159.6)	(143.2)	(132.3)	(114.5)	(105.5)	(104,8)
Depreciation and amortization	**(27.3)**	(24.5)	(23.3)	(20.4)	(17.7)	(15.2)	(15.7)	(16.1)	(15.9)	(15.4)
Other income	**0.3**	1.7	2.0	1.6						
EBITA	**135.9**	121.6	131.8	107.2	78.8	60.4	35.9	36.0	42.9	38.9
Amortization other intangible assets	**(6.3)**	(7.1)	(12.2)	(12.2)	(8.3)	(6.0)	(0.4)	(1.2)	(0.2)	(0.1)
Operating income	**129.6**	114.4	119.6	95.0	70.5	54.4	35.5	34.9	42.7	38.8
EBITA margin %	**9.9**	10.0	11.3	10.7	9.4	8.6	5.7	6.0	7.4	6.9
Net finance expense	**(18.3)**	(3.6)	(23.6)	(8.6)	(3.5)	(1.8)	(3.5)	(2.8)	(2.2)	(2.7)
Income from associates	**0.7**	-	(0.1)	(0.8)	(0.5)	1.4	2.4	2.6	0.7	0.5
Profit before income tax	**112.0**	110.8	95.9	85.5	66.5	53.9	34.5	34.6	41.2	36.6
Income taxes	**(34.6)**	(37.0)	(32.9)	(28.0)	(20.1)	(17.3)	(10.4)	(11.7)	(14.4)	(12.5)
Profit for the period	**77.4**	73.8	63.0	57.5	46.4	36.6	24.1	22.9	26.7	24.1
Extraordinary items after taxes	**-**	-	-	-	-	-	-	-	-	2.0
Profit for the period	**77.4**	73.8	63.0	57.5	46.4	36.6	24.1	22.9	26.7	26.1
Attributable to:										
Equity holders of the company (net income)	**73.9**	72.8	57.3	54.9	44.9	33.4	22.2	21.4	24.7	25.1
Non-controlling interests	**3.5**	1.0	5.7	2.6	1.5	3.2	1.9	1.5	2.1	1.0
Net income from operations	**78.4**	**74.3**	**70.0**	**62.3**	**50.0**	**33.4**	**23.8**	**22.5**	**24.9**	**23.2**
Return on equity in %	**19.9**	26.0	29.0	29.2	24.6	21.4	16.3	15.8	18.4	20.2
Return on assets in %	**8.2**	9.3	9.7	10.3	9.6	9.9	8.7	10.0	12.6	12.0
Dividend proposal	31.1	29.9	27.0	24.8	20.3	13.4	9,9	9.8	9.7	8.9

Data per share* (in euros, unless otherwise stated)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Earnings per share from operations	**1.19**	1.18	1.16	1.02	0.82	0.55	0.39	0.38	0.41	0,38
Net earnings per share	**1.12**	1.15	0.95	0.90	0.74	0.55	0.37	0.36	0.41	0.41
Dividend proposal	**0.47**	0.45	0.45	0.41	0.33	0.22	0.16	0.16	0.16	0.15
Shareholders' equity	**5.80**	5.20	3.35	3.03	3.05	2.84	2.20	2.23	2.21	2.20
Closing price Amsterdam Euronext	**17.42**	15.83	9.40	15.77	15.57	8.93	4.57	3.11	2.65	3.12

* All total shares, share amounts, per share ratio's and closing prices are retrospectively adjusted for the share split of May 2008.
The 2003 and prior financial data are not adjusted to comply with the International Financial Reporting Standards (IFRS).
These figures are derived from the published financial statements of the years concerned.

amounts in millions of euros
unless otherwise stated

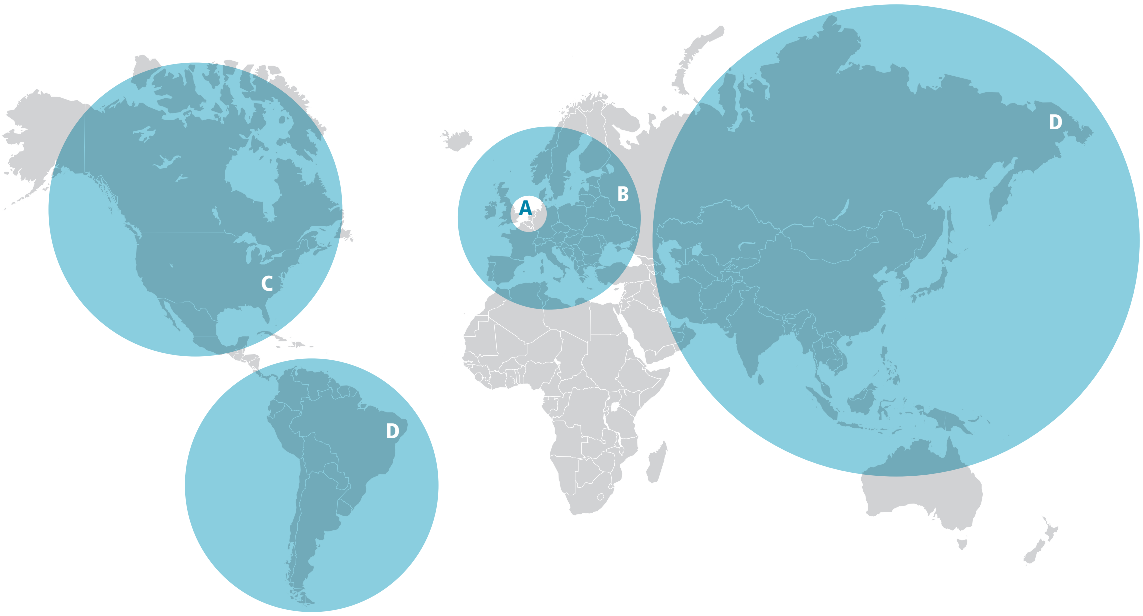
Other financial data

Net revenue = 100%

Consolidated statement of income in %	2010	2009
Gross revenue	**145.7**	146.7
Materials, services of third parties, and subcontractors	**(45.7)**	(46.7)
Net revenue	**100.0**	100.0
Operational costs	**(88.1)**	(88.1)
Depreciation and amortization	**(2.0)**	(2.0)
Amortization other intangible assets	**(0.5)**	(0.6)
Other income		0.1
Operating income	**9.4**	9.4
Financial items	**(1.3)**	(0.3)
Income before taxes	**8.1**	9.1
Taxes	**(2.5)**	(3.0)
Income of consolidated companies after taxes	**5.6**	6.1
Income of equity-accounted associates and cost-accounted associates	**0.1**	0.0
Group income after taxes	**5.7**	6.1
Attributable to:		
Income for the period (equity holders of the parent)	**5.4**	6.0
Non-controlling interest	**0.3**	0.1
Net income from operations	**5.7**	6.1
EBITA margin recurring	**9.9**	10.2

Quarterly financial data				2010				2009
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Gross Revenue								
Quarterly	**448,188**	**511,777**	**502,621**	**540,221**	418,038	414,625	469,666	483,444
Cumulative	**448,188**	**959,965**	**1,462,586**	**2,002,807**	418,038	832,663	1,302,329	1,785,773
Quarterly (%)	**22.4**	**25.5**	**25.1**	**27.0**	23.4	23.2	26.3	27.1
Cumulative (%)	**22.4**	**47.9**	**73.0**	**100.0**	23.4	46.6	72.9	100.0
Net income from operations								
Quarterly	**17,132**	**18,443**	**19,149**	**23,667**	15,565	17,046	18,224	23,467
Cumulative	**17,132**	**35,575**	**54,724**	**78,391**	15,565	32,611	50,835	74,302
Quarterly (%)	**21.9**	**23.5**	**24.4**	**30.2**	20.9	23.0	24.5	31.6
Cumulative (%)	**21.9**	**45.4**	**69.8**	**100.0**	20.9	43.9	68.4	100.0
Net income from operations per share (in euros)								
Quarterly	**0.26**	**0.28**	**0.29**	**0.36**	0.26	0.28	0.28	0.35
Cumulative	**0.26**	**0.54**	**0.83**	**1.19**	0.26	0.54	0.82	1.18

Geographical distribution



Organization structure ARCADIS NV

A The Netherlands

Personnel: 3,284
Gross Revenue € 401m
Global revenues of: 20%
Ebita € 27.7m
Margin: 9.8%

ARCADIS Nederland

B Europe Excluding The Netherlands

Personnel: 3,765
Gross Revenue € 330m
Global revenues of: 17%
Ebita € 9.7m
Margin: 3.7%

Belgium
ARCADIS Belgium

Czech Republic
ARCADIS CZ

France
ARCADIS FCI

Germany
ARCADIS Deutschland

Italy
ARCADIS SET

Poland
ARCADIS Polska

Romania
ARCADIS Eurométudes

United Kingdom
ARCADIS UK

RTKL

C United States

Personnel: 6,226
Gross Revenue € 1,070m
Global revenues of: 53%
Ebita € 80.9m
Margin: 11.4%

ARCADIS US

RTKL

D Rest of the world

Personnel: 2,630
Gross Revenue € 202m
Global revenues of: 10%
Ebita € 17.6m
Margin: 15.3%

Brazil
ARCADIS Logos

Chile
ARCADIS Geotécnica

China
ARCADIS Asia

RTKL

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Glossary

AAC: ARCADIS Audit Committee.
Advanced Management Program
Internal training program: for ARCADIS managers.
Backlog: Value of signed orders in the portfolio to be filled, expressed as gross or net revenue.
Billability: Number of hours worked chargeable to a client.
Carbon Credits: Permits to emit CO_2 awarded to countries or groups which have reduced their greenhouse gas emissions below their agreed quota under the Kyoto protocol.
Cash Flow Operating Activities: Profit for the period adjusted for non-cash items and cash flow from working capital.
DBFO: Design Build Finance and Operate projects are those in which ARCADIS is responsible (alone or in cooperation with partners) for design, realization, finance and operations.
Debt to EDITDA: A measure of a company's ability to pay off its incurred debt. This ratio gives the investor the approximate amount of time that would be needed to pay off all debt, excluding interest, taxes, depreciation and amortization.
Defined Benefit: When the benefit on retirement from a pension fund to its participants is fixed.
Defined Contribution: When the value of the contribution to the pension fund made by the company is fixed.
EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization/Impairment of goodwill/identifiable assets.
EBITA: Earnings Before Interest, Taxes and Amortization/ Impairment of goodwill/identifiable assets.
Flexibility (flex) index: Measurement of the capability to adjust staffing levels in the short term by adjusting the number of temporary staff contracts in relation to the total.
Free cash flow: Cash flow from operating activities minus investments in property plant and equipment.
General Business Principles: A set of working ethics for our employees.
Goodwill: The difference between the costs of an acquisition over the fair value of the identifiable net assets acquired.
Gross revenue: The gross inflow of economic benefits during the period arising in the course of ordinary activities.
GRiP®: Guaranteed Remediation Program is an environmental service whereby ARCADIS takes responsibility for possible risks.
IFRS: International Financial Reporting Standards
Impairment test: An assessment on the value of an asset in use, whereby estimated future cash flows are discounted to reflect market conditions and the risks specific to the asset.
Multinational clients: Private sector clients with locations in various countries.
Net cash position: Cash and cash equivalents compared to bank overdraft facilities.
Net debt: Interest bearing debt minus all cash and cash equivalents.
Net income from operations: Net income before extraordinaries, the amortization/impairment of goodwill/ identifiable assets and share-based payments related to the Lovinklaan Foundation share purchase plan.
Net revenue: Gross revenue minus materials, subcontracting and services from third parties which is the revenue produced by the activities of ARCADIS staff.
Net working capital: Sum of unbilled receivables, inventories and trade receivables minus suppliers and billing in excess of costs.
One-stop shopping concept: Offering a full range of activities to each client.
Operating income: Earnings before interest and taxes
Order intake: The amount of new projects for which contracts have been signed, expressed in gross or net revenue.
Organic growth: Changes of revenue and income of the ordinary activities as a result of change in output of the company, which is excluding acquisitions, divestments and currency effects.
Peer group: Group of listed companies that is comparable to ARCADIS both in size and activity.
Percentage-of-completion: Method to recognize revenue and expenses in a statement of income in proportion to the percentage of completion of the contract
Proxy solicitation: Means to provide shareholders the opportunity to vote without being present at the shareholders meeting.
Return On Invested Capital: The sum of earnings before interest after taxes before amortization (EBIA) and income from associates divided by average group equity and net debt.
Sarbanes Oxley Act: American governance legislation for companies that are listed on American stock exchanges.
SEC Securities and Exchange Commission: The United States stock market authority.
Senior Management Committee: ARCADIS Senior Management consisting of the Executive Board, the Staff Directors and the CEO's of major operating companies.
Total shareholder return: Stock price appreciation plus dividend yield
US GAAP: United States Generally Accepted Accounting Principles are U.S. valuation principles for financial reporting.
Voluntary turnover percentage: Voluntary termination of permanent own staff divided by the average number of permanent own staff during the period.
Webcasting: Broadcast via the internet of press conferences or analyst meetings.

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The forward looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward looking statements.

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